Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

LEGISLATIVE HISTORY

Public Law 87-565
S. 2996

TABLE OF CONTENTS

Index and summary of S. 2996. 1
Digest of Public Law 87-565 2

INDEX AND SUMMARY OF S. 2996

Mar. 14, 1962	Sen. Fulbright introduced and discussed S. 2996 which was referred to the Senate Foreign Relations Committee. Print of bill as introduced and remarks of Sen. Fulbright.
May 21, 1962	Senate committee continued executive consideration of S. 2996.
May 22, 1962	Senate committee ordered S. 2996 reported with amendments.
May 28, 1962	Senate committee reported S. 2996 with amendments. S. Report No. 1535. Print of bill and report.
	Rep. Morgan introduced H. R. 11921 which was referred to the House Foreign Affairs Committee. Print of bill as introduced.
May 29, 1962	Senate made S. 2996 its unfinished business.
	Sen. Proxmire submitted a proposed amendment.
June 5, 1962	House committee voted to report H. R. 11921.
	Senate began debate on S. 2996.
June 6, 1962	Senate continued debate.
June 7, 1962	Senate passed S. 2996 with amendments.
	House committee reported H. R. 11921 without amendment. H. Report No. 1788.
June 14, 1962	House Rules Committee reported resolution for the consideration of H. R. 11921. H. Res. 689. H. Report No. 1823.
July 9, 1962	House began debate on H. R. 11921.
July 11, 1962	House continued debate.
July 12, 1962	House passed S. 2996 with amendment (in lieu of H. R. 11921). House conferees were appointed.
	H. R. 11921 was laid on table due to passage of S. 2996.

July 13, 1962	Senate conferees were appointed on S. 2996.
July 17, 1962	Rep. Chipperfield was appointed conferee to replace Rep. Bolton.
July 18, 1962	Sen. Wiley replaced Sen. Capehart as conferee.
	Conferees agreed to file a report.
July 19, 1962	Senate received and debated conference report.
July 20, 1962	Senate agreed to conference report on S. 2996.
	House received conference report. H. Report No. 2008. Print of report.
July 24, 1962	House agreed to conference report.
Aug. 1, 1962	Approved: Public Law 87-565.

Hearings: Senate Foreign Relations Committee on S. 2996.

House Foreign Affairs Committee: Misc. hearings "Foreign Assistance Act of 1962" - 6 parts.

DIGEST OF PUBLIC LAW 87-565

FOREIGN ASSISTANCE ACT OF 1962. Authorizes $300,000,000 for development grants for fiscal year 1963 to less developed countries, and $200,000,000 for surveys of investment opportunities for private enterprise. Authorizes not to exceed $600,000,000 for each of the fiscal years 1963 through 1966 for the Alliance for Progress with Latin American Countries. Raises from $10 million to $25 million the ceiling on the face value of any guaranty on a loan investment by private enterprise. Prohibits assistance under the act to any Communist country, except under certain specified conditions. Repeals a provision (now obsolete) in the Foreign Assistance Act of 1961 providing for the transfer to AID of the Export-Import Bank's assets and liabilities under Sec. 104 (e) of Public Law 480 which provided for loans to private business abroad up to 25 percent of the foreign currencies received from the sales of surplus agricultural commodities. Amends the Mutual Educational and Cultural Exchange Act of 1961 so as to confine the authority for U.S. participation in the international fairs to those held abroad.

Digest of CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For information only; should not be quoted or cited)

Issued March 15, 1962
For actions of March 14, 1962
87th-2d, No. 37

CONTENTS

Air pollution.....20
Appropriations.....6
Automation.....18
Civil service.....9
Contracts.....21
Disaster loans.....23
Extension work.....27
Farm program.....2,7,15
Fisheries.....23
Foreign aid.....4,12,26
Foreign trade.....1,11,16
Forest Service.....3
Forestry.....8,19
Fruit marketing.....14
Grain research.....13
Housing.....24
National flower.....25
Personnel.....9
Political activity.....9
Research.....13
Rural mail.....10
Sugar.....5
Taxation.....17
Youth conservation.....22

HIGHLIGHTS: Sen. Curtis urged early consideration of sugar legislation. Senate subcommittee voted to report Treasury-Post Office appropriation bill. Sen. Fulbright introduced and discussed foreign aid bill.

HOUSE

1. FOREIGN TRADE. Passed without amendment H. R. 10607, to amend the Tariff Act of 1930 and certain related laws to provide for the restatement of the tariff classification provisions. The bill provides for the adoption and implementation of revised tariff schedules proposed pursuant to law by the U. S. Tariff Commission and to make certain amendments in existing law necessitated by the adoption of such revised schedules. pp. 3710-21

   Rep. Aspinall discussed the Administration's foreign trade program and inserted an editorial, "Tariff Wall Obstructs." p. 3732

2. FARM PROGRAM. Rep. Schwengel criticized the Administration's farm program and inserted a number of letters from constituents critical of the program. pp. 3726-30

3. FOREST SERVICE. Rep. Horan discussed the retirement of Dr. Richard E. McArdle from the Forest Service and gave a brief biography of Edward P. Cliff, the new Chief of the Forest Service. p. 3733

4. FOREIGN AID. Both Houses received from the Agency for International Development a proposed bill to "amend further the Foreign Assistance Act of 1961, as amended"; to H. Foreign Affairs and S. Foreign Relations Committees. pp. 3734, 3736

SENATE

5. SUGAR. Sen. Curtis urged early consideration of legislation to extend the Sugar Act, contended that in previous years "the Senate has been ignored in the framing of our sugar legislation," and expressed his opposition to any proposal to give the President authority to impose fees on the importation of sugar from other countries. pp. 3765-6

6. APPROPRIATIONS. A subcommittee of the Appropriations Committee voted to report to the full committee with amendments H. R. 10526, the Treasury-Post Office and Executive Office appropriation bill for 1963. p. D171

7. FARM PROGRAM. Sen. Carlson discussed the size and number of farms in Kans., expressed regret over the "shift of the rural population to the urban centers and stated that last year farm receipts in Kan. were over $1 billion. pp. 3751-2

Sen. Proxmire inserted a series of excerpts from resolutions adopted by the Wisc. Farmers Union relating to agricultural programs. p. 3738

8. FORESTRY. Sen. Aiken commended the service of Richard McArdle as Chief of the Forest Service and the selection of Edward Cliff as his successor upon retirement, and inserted a USDA press release and Secretary Freeman's letter commending McArdle's service. pp. 3805-6

9. PERSONNEL. The Rules and Administration Committee reported without amendment S. 919, to amend the Hatch Political Activities Act so as to eliminate the requirement that the Civil Service Commission impose no penalty less than 90 days suspension for certain violations (S. Rept. 1278). p. 3738

Sen. Randolph inserted the address of Sen. Jackson at the recent Annual Career Service Awards dinner sponsored by the National Civil Service League. pp. 3770-1

10. RURAL MAIL. Received from GAO a report on the review of selected rural delivery service activities of the Post Office Department. p. 3736

11. FOREIGN TRADE. Received from Commerce a proposed bill to amend Sec. 204 of the Agricultural Act of 1956 (relating to limitations on agricultural imports) to Agriculture and Forestry Committee. p. 3736

Sen. Bush inserted a newspaper editorial on foreign trade, "Inside the Tariff Package." pp. 3758-9

12. FOREIGN AID. Sen. Wiley inserted his statement supporting our foreign aid program but suggesting a careful review of the President's foreign aid proposals. p. 3758

13. GRAIN RESEARCH. Sen. Carlson inserted and commended a resolution of the Kan. Wheat Commission endorsing "the project to establish a U. S. Department of Agriculture Grain Marketing Research Center at Manhattan, Kan." pp. 3737-8

ITEMS IN APPENDIX

14. FRUIT MARKETING. Extension of remarks of Sen. Byrd, W. Va., inserting a speech before the West Virginia Horticultural Society, "A Look at World Affairs." pp. A1927-8

15. FARM PROGRAM. Extension of remarks of Sen. Morse inserting an article from the Oregon Independent Grocer, "Association Representatives Meet With Secretary of Agriculture." p. A1936

16. FOREIGN TRADE. Extension of remarks of Rep. Harvey, Inc., inserting an article, "Agriculture Department Questioned About Imports." pp. A1941-2

Extension of remarks of Rep. Harvey, Ind., inserting an article critical of the Administration's foreign trade program, "How Much Sacrifice?" p. A1948

Extension of remarks of Rep. Alger saying, "the real purposes of the President's tariff proposals are emerging not to bring about free trade, but to further extend Federal controls over industry and the people," and inserting an editorial, "Inside the Tariff Package." pp. A1957-8

17. TAXATION. Extension of remarks of Rep. Boggs inserting a "Brief Summary of the Revenue Act of 1962, H. R. 10650." pp. A1944-7

18. AUTOMATION. Extension of remarks of Rep. Rousselot inserting an article, "Automation Makes Jobs." pp. A1954-5

19. FORESTRY. Extension of remarks of Rep. Hemphill inserting an article, "The Awakening in Forestry." p. A1955

20. AIR POLLUTION. Extension of remarks of Rep. Fogarty inserting an address before the Air Pollution Control Association. pp. A1959-61

BILLS INTRODUCED

21. CONTRACTS. H. R. 10734, by Rep. Halpern, to establish standards for hours of work and overtime pay of laborers and mechanics employed on work done under contract for, or with the financial aid of, the United States, for any territory or for the District of Columbia; to Education and Labor Committee.

H. R. 10735, by Rep. Halpern, to amend the Davis-Bacon Act, as amended; the Federal Airport Act, as amended; and the National Housing Act, as amended; to Education and Labor Committee.

22. YOUTH CONSERVATION. H. R. 10727, by Rep. Blatnik, to authorize the establishment of a Youth Conservation Corps to provide healthful outdoor employment for young men and to advance the conservation, development, and management of national resources to timber, soil, and range, and of recreational areas; and to authorize pilot local public service employment programs; to Education and Labor Committee.

23. FISHERIES. H. R. 10729, by Rep. Boykin, to provide disaster loans to fishing vessel owners and operators adversely affected by failure of the fishery resource; to Merchant Marine and Fisheries Committee.

24. HOUSING. H. R. 10742, by Rep. Scranton, to amend title I of the Housing Act of 1949 with respect to eligibility for capital grants thereunder in certain hardship cases; to Banking and Currency Committee.

25. NATIONAL FLOWER. H. J. Res. 664, by Rep. Anfuso, designating the rose as the national flower of the United States; to House Administration Committee.

26. FOREIGN AID. S. 2996, by Sen. Fulbright (by request), to amend further the Foreign Assistance Act of 1961, as amended; to Foreign Relations Committee. Remarks of author. pp. 3744-7

27. EXTENSION WORK. S. 2998, by Sen. Ellender (by request), to repeal certain act relating to cooperative agricultural extension work and to amend the Smith-Lever Act of May 8, 1914, as amended, to provide for cooperative agricultural extension work between the agricultural colleges in the several States, territories, and possessions receiving the benefits of an act of Congress approved July 2, 1862, and of acts supplementary thereto, and the U. S. Department of Agriculture; to Agriculture and Forestry Committee.

-0-

COMMITTEE HEARINGS ANNOUNCEMENTS:

Mar. 15: Proposed cropland retirement program and related bills, H. Agriculture (Secretary Freeman to testify).

Foreign trade bill, H. Ways and Means (Secretary Dillon to testify).

USDA appropriations, H. Appropriations (exec).

oOo

87TH CONGRESS
2D SESSION

S. 2996

IN THE SENATE OF THE UNITED STATES

MARCH 14, 1962

Mr. FULBRIGHT (by request) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1962".

PART I—ACT FOR INTERNATIONAL DEVELOPMENT OF 1961

CHAPTER 1—SHORT TITLE AND POLICY

SEC. 101. Section 102 of the Foreign Assistance Act of 1961, as amended, containing a statement of policy, is amended by inserting the following sentence at the end of the sixth paragraph: "It is further the sense of Congress

that support for the peaceful uses of atomic energy should be continued, in furtherance of the purposes of this part."

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

SEC. 102. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

(a) In section 211 (a), which relates to general authority, strike out "In so doing" in the second sentence and substitute "In furnishing assistance to countries and areas under this title".

(b) In section 212, which relates to authorization, strike out "1962" and "$380,000,000" and substitute "1963" and "$335,000,000", respectively.

(c) Strike out section 213, which relates to atoms for peace.

TITLE III—INVESTMENT GUARANTIES

SEC. 103. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221 (b), which relates to general authority, as follows:

(1) In paragraph (1) strike out "$1,000,000,000" in the proviso and substitute "$1,300,000,000".

(2) In paragraph (2) strike out "$90,000,000" in the third proviso and substitute "$180,000,000".

(b) Amend section 222, which relates to general provisions, as follows:

(1) In subsection (d) insert ", and out of funds made available pursuant to this title" before the period.

(2) Add the following new subsection (f):

"(f) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1963 to carry out the purposes of this title not to exceed $100,000,000, which shall remain available until expended."

(c) Amend section 224, which relates to housing projects in Latin American countries, as follows:

(1) In subsection (b) strike out "$10,000,000" in the second sentence and substitute "$60,000,000".

(2) In subsection (c) strike out "and (e)" and substitute "(e), and (f)".

TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

SEC. 104. Section 232 of the Foreign Assistance Act of 1961, as amended, which relates to surveys of investment opportunities, is amended by striking out "1962" and substituting "1963".

ALLIANCE FOR PROGRESS

SEC. 105. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development assistance, is amended by adding at the end a new title VI, as follows:

"TITLE VI—ALLIANCE FOR PROGRESS

"SEC. 251. GENERAL AUTHORITY.—(a) It is the sense of the Congress that the historic, economic, political, and geographic relationships among the American peoples and Republics are unique and of special significance and that the alliance for progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relationships among them. Accordingly, the President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

"(b) Assistance furnished under this title shall be directed toward the development of human as well as economic resources. In furnishing assistance to countries and areas under this title, the President shall take into account (1) the principles of the Act of Bogotá and the Charter of Punta del Este, and in particular the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and

demonstrating a clear determination to take effective self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives; and (4) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved. In making loans under this title from funds which are required to be used for loans payable as to principal and interest in United States dollars, the President shall take into account, in addition to the considerations named in the preceding sentence, whether financing could be obtained in whole or in part from other free world sources on reasonable terms. The provisions of sections 201 (d), 202 (b), 202 (c), and 204 shall be applicable to such loans, and they shall be made only upon a finding of reasonable prospects of repayment.

"(c) The authority of section 614 (a) may not be used to waive the requirements of this title with respect to funds made available for this title which are required to be used for loans payable as to principal and interest in United States dollars, and the authority of section 610 may be used to transfer such funds only to funds made available for title I of chapter 2 of part I.

"(d) In order to carry out the policies of this Act and the purpose of this title, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to insuring a wider and more equitable distribution of the ownership of land.

"SEC. 252. AUTHORIZATION.—There is hereby authorized to be appropriated from time to time to the President for the purposes of this title not to exceed a total of $3,000,000,000 for use, in addition to other funds available for such purposes, beginning in any of the fiscal years 1963 through 1966, which is authorized to remain available until expended, of which not to exceed $600,000,000 may be appropriated for use beginning in fiscal year 1963: *Provided,* That of the funds appropriated pursuant to this section for use beginning in fiscal year 1963, not to exceed $100,000,000 may be used for assistance on terms other than loans payable as to principal and interest in United States dollars.

"SEC. 253. FISCAL PROVISIONS.—All receipts in United States dollars from loans made under this title and from loans made for the benefit of countries and areas of Latin America under title I of chapter 2 of part I of this Act, notwithstanding section 203, shall be available for use for loans payable as to principal and interest in United States dollars in furtherance of the purposes of this title. Such re-

ceipts and other funds made available under this title for use for the purposes of this title shall remain available until expended."

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 106. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out "1962" and "$153,500,000" and substituting "1963" and "$148,900,000", respectively.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 107. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out "1962" and "$465,000,000" and substituting "1963" and "$481,500,000", respectively.

CHAPTER 5—CONTINGENCY FUND

SEC. 108. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended as follows:

(a) Amend subsection (a) by striking out "1962" and "$300,000,000" and substituting "1963" and "$400,000,000", respectively.

(b) Amend subsection (b) by striking out "keep" and substituting "provide quarterly reports to" and by striking out "currently informed of" and substituting "on".

PART II—INTERNATIONAL PEACE AND SECURITY ACT OF 1961

Chapter 2—Military Assistance

Sec. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) In section 507 (a), which relates to sales, insert "not less than" before "the value" in the first sentence.

(b) In section 510 (a), which relates to special authority, strike out "1962" in the first and second sentences and substitute "1963".

(c) In section 511 (b), which relates to restrictions on military aid to Latin America, strike out "military assistance programs" and insert "grant programs of defense articles".

PART III

Chapter 1—General Provisions

Sec. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) In section 606, which relates to patents and technical information, strike out subsection (c).

(b) In section 611 (a), which relates to completion of

plans and cost estimates, strike out "and II" and substitute ", II, and VI".

(c) Strike out section 618, which relates to economic assistance to Latin America, and substitute a new section 618 as follows:

"SEC. 618. USE OF SETTLEMENT RECEIPTS.—United States dollars directly paid to the United States under the Agreement Between the United States of America and Japan Regarding the Settlement of Postwar Economic Assistance to Japan may be appropriated or otherwise made available to the President in any appropriation Act, within the limitations of part I of this Act, to carry out the provisions of that part."

CHAPTER 2—ADMINISTRATIVE PROVISIONS

SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

(a) In section 621, which relates to exercise of functions, delete "(a)" and strike out subsections (b), (c), (d), and (e).

(b) Amend section 624, which relates to statutory officers, by striking out subsection (d) and redesignating subsection (e) as subsection "(d)", inserting in paragraph

2 (A) of redesignated subsection (d) ", and programs being conducted by United States Government agencies under Public Law 86–735," after "Peace Corps", and inserting in paragraphs (5) and (7) of redesignated subsection (d) ", and Public Law 86–735" after "part II of this Act".

(c) Amend section 625, which relates to employment of personnel, as follows:

(1) In subsection (b) strike out "seventy-six" in the first sentence and substitute "one hundred and fifty".

(2) In subsection (d) add the following proviso before the period at the end of paragraph (2) : ": *Provided further,* That, whenever the President determines it to be important for the purposes of this Act, the President may initially assign personnel under this paragraph for duty within the United States for a period not to exceed two years pending assignment outside the United States."

(d) In section 634 (d), which relates to reports and information, strike out "twelve months" in the first sentence and substitute "fiscal year".

(e) In section 635 (h), which relates to general authorities, strike out "and V" and substitute ", V, and VI" and strike out "made".

(f) Amend section 637, which relates to administrative expenses, as follows:

(1) In subsection (a) strike out "1962" and "$50,000,000" and substitute "1963" and "$55,000,000", respectively.

(2) In subsection (b) strike out "to the Secretary of State".

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 303. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended as follows:

(a) Section 643, which relates to saving provisions, is amended by striking out subsection (d).

(b) Section 644(m), which relates to definitions, is amended by striking out "as grant assistance" in subparagraphs (2) and (3).

(c) Section 645, which relates to unexpended balances, is amended by inserting "this Act or" after "pursuant to".

SEC. 401. Part IV of the Foreign Assistance Act of 1961, as amended, is repealed, which repeal shall not be deemed to affect amendments contained in such part.

SEC. 402. Section 5(f) of the International Health Research Act of 1960 (22 U.S.C. 2103(f)) is amended by adding a new final sentence as follows: "The President may delegate any authority vested in him by this section to such other officer or head of agency of the United States Government as he deems appropriate."

SEC. 403. Section 2 of the Act of August 1, 1956 (70 Stat. 890), as amended, is further amended by adding the following new paragraph:

"(b) For the purpose of promoting and maintaining friendly relations with foreign countries through the prompt settlement of certain claims, settle and pay any meritorious claim against the United States which is presented by a government of a foreign country for damage to or loss of real or personal property of, or personal injury to or death of, any national of such foreign country: *Provided*, That such claim is not cognizable under any other statute or international agreement of the United States and can be settled for not more than $15,000 or the foreign currency equivalent thereof."

87TH CONGRESS
2D SESSION

S. 2996

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

By Mr. FULBRIGHT

MARCH 14, 1962

Read twice and referred to the Committee on Foreign Relations

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. FULBRIGHT, from the Committee on Foreign Relations:

W. Michal Blumenthal, of New Jersey, to be the representative of the United States of America on the Commission on International Commodity Trade of the Economic and Social Council of the United Nations;

W. Walton Butterworth, of Louisiana, Walter C. Dowling, of Georgia, and Frances E. Willis, of California, Foreign Service officers, for promotion from the class of career minister to the class of career ambassador; and

Roger M. Blough, of Pennsylvania, and sundry other persons, to be members of the General Advisory Committee of the U.S. Arms Control and Disarmament Agency.

By Mr. MAGNUSON, from the Committee on Commerce:

Harold C. Woodward, of Illinois, to be a member of the Federal Power Commission; and

Peter Aloyslus Martus, and sundry other persons, for permanent appointment in the Coast and Geodetic Survey.

By Mr. KEATING, from the Committee on Commerce:

William Ruder, of New York, to be an Assistant Secretary of Commerce.

By Mr. SMATHERS, from the Committee on Commerce:

Donald W. Alexander, of Florida, to be Maritime Administrator.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KEATING (for himself and Mr. JAVITS):

S. 2995. A bill to provide for the establishment of the Oriskany Battlefield National Historic Site; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. KEATING when he introduced the above bill, which appear under a separate heading.)

By Mr. FULBRIGHT (by request):

S. 2996. A bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes; and

S. 2997. A bill to amend the United Nations Participation Act of 1945, as amended; to the Committee on Foreign Relations.

(See the remarks of Mr. FULBRIGHT when he introduced the above bills, which appear under separate headings.)

By Mr. ELLENDER (by request):

S. 2998. A bill to repeal certain acts relating to cooperative agricultural extension work and to amend the Smith-Lever Act of May 8, 1914, as amended, to provide for cooperative agricultural extension work between the agricultural colleges in the several States, territories, and possessions receiving the benefits of an act of Congress approved July 2, 1862, and of acts supplementary thereto, and the U.S. Department of Agriculture; to the Committee on Agriculture and Forestry.

By Mr. HILL (for himself and Mr. SPARKMAN):

S.J. Res. 169. Joint resolution designating the bridge across the Tennessee River on the Natchez Trace Parkway as the John Coffee Memorial Bridge; to the Committee on Public Works.

RESOLUTION

WINIFRED S. GUNN

Mr. MANSFIELD, from the Committee on Rules and Administration, reported an original resolution (S. Res. 315) to pay a gratuity to Winifred S. Gunn, which was placed on the calendar.

(See the above resolution printed in full when reported by Mr. MANSFIELD, which appears under the heading "Report of a Committee.")

PRESERVATION OF ORISKANY BATTLEFIELD

Mr. KEATING. Mr. President, for myself and for my distinguished colleague, the senior Senator from New York [Mr. JAVITS], I introduce for appropriate reference a bill to provide full and proper recognition for a site of great historic interest in New York State. I refer to the Oriskany Battlefield, about 8 miles west of the city of Utica. This site played an important role in our history, for it was here that one of the bloodiest battles of the Revolution was fought and won.

Mr. President, the Oneida County American Legion posts and other patriotic organizations in this area have taken the lead in working for the preservation of this important site and for its proper development. They are to be commended for their patriotic efforts in promoting a deeper appreciation of our Nation's great historical heritage. The purpose of this bill is to make the area a national historic site, recognized and preserved by the Interior Department and the Federal Government.

Mr. President, I ask unanimous consent to include, following my remarks, a report upon the historic significance of this Revolutionary War battlefield and the text of the bill.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill and report will be printed in the RECORD.

The bill (S. 2995) to provide for the establishment of the Oriskany Battlefield National Historic Site, introduced by Mr. KEATING (for himself and Mr. JAVITS), was received, read twice by its title, referred to the Committee on Interior and Insular Affairs, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior shall acquire on behalf of the United States, by gift, purchase, condemnation, or otherwise, the Oriskany Battlefield, consisting of 87 acres, more or less, located at Oriskany, New York, together with all improvements thereon and appurtenances thereto. When so acquired, such property shall be designated as the Oriskany Battlefield National Historic Site, and shall be set aside as a public national memorial to commemorate the Battle of Oriskany, in which the American flag was first flown in combat.

SEC. 2. In order to provide for the proper development of the Oriskany Battlefield National Historic Site, the Secretary of the Interior shall erect thereon and maintain as parts thereof the following:

(1) a museum, which shall contain items of historical interest pertaining to the Battle of Oriskany, the Saratoga campaign and the Revolutionary War period;

(2) a statue of General Nicholas Herkimer, who was mortally wounded in the Battle of Oriskany; and

(3) such markers, structures, and landscaping as may in his judgment be appropriate.

SEC. 3. The Secretary of the Interior, acting through the National Park Service, shall administer, protect, develop, and maintain the Oriskany Battlefield National Historic Site subject to the provisions of this Act and in accordance with the provisions of the Act of August 25, 1916, entitled "An Act to establish a National Park Service, and for other purposes" (16 U.S.C., sec. 1 et al.), as amended and supplemented, and the provisions of the Act of August 21, 1935, entitled "An Act to provide for the preservation of historic American sites, buildings, and antiquities of national significance, and for other purposes" (16 U.S.C. 461–467), as amended.

The report presented by Mr. KEATING is as follows:

ORISKANY BATTLEFIELD

The Battle of Oriskany was fought on August 6, 1777, about 8 miles west of the present city of Utica. In proportion to the numbers engaged, it was one of the bloodiest battles of the American Revolution, more than a third of the contestants on each side being killed or wounded.

It was here that 800 of the Tryon County militia under Gen. Nicholas Herkimer, marching to the relief of the besieged Fort Stanwix, 6 miles to the westward, fell into Joseph Brant's carefully laid ambush. The battlefield is one of rolling hills which rise gently from the adjacent valley lands on the north. Between two low hills runs a small swampy ravine across which the primitive frontier corduroy road wound its way. On either side the forest pressed in closely that fateful August morning.

Under this dense cover the Indians and their allies waited until Herkimer, riding at the head of his troops, had passed the ravine. The baggage and supply train bringing up the rear were well down the narrow slope, blocking all retreat, when the trap was sprung. Indian war cries, the crack of muskets, and the cries of wounded mingled with military commands.

Wounded in the leg, General Herkimer fell from his horse at the first fire. Nevertheless, he took a position on the hillside from where he could direct the fighting. After the first surprise, the Americans took to the forest and from behind whatever natural cover was available continued the fight until the Indians, who had suffered severely in pressing the attack, retired in dismay.

Herkimer was placed on a litter and taken down the Mohawk to his home where, 10 days after the battle, he died as the result of the amputation of his wounded leg.

The battle greatly crippled the British forces of St. Leger who soon afterward, alarmed at the approach of Gen. Benedict Arnold, gave up his effort to capture Fort Stanwix and retreated into Canada. This, together with the defeat of Burgoyne at Saratoga, thwarted Britain's carefully laid strategy, and the conquest of New York for the purpose of dividing the colonies was averted.

The significance of the Battle of Oriskany and of the subsequent raising of the siege was twofold. From a military point of view, St. Leger's advance was checked, his junction with Burgoyne was prevented, and the threefold strategic plan of the British suffered its initial setback to be followed later

by Burgoyne's surrender at Saratoga. For the emergency of a defeat which closed the Mohawk Valley and of a siege which held St. Leger for 3 weeks before Fort Stanwix, no calculation had been made by the British. It was this combination that was so fortunate for our young republic. The effect of Oriskany and Stanwix on American morale was no less real than its military effect. The people of the valley sided with Congress against the King and the British heard more and more clearly the rumbling of fresh resistance. No Tory rising ever disgraced the valley. Washington said "Herkimer first reversed the gloomy scene" of the campaign. John Adams declared that "Gansevoort has proved that it is possible to hold a post."

Mr. JAVITS. Mr. President, I am pleased to be a cosponsor of the bill my colleague, Senator KEATING, has introduced today to establish the Oriskany Battlefield as a national historic site.

The Battle of Oriskany was one of the most significant engagements of the entire Revolutionary War, for it stemmed the British advance down the Mohawk and never again were the British able to mount a serious offensive threat against the critically important Hudson Valley. Gen. Nicholas Herkimer, who commanded the American forces at the battle, is one of our great figures of colonial history and stands as a symbol of the fortitude and patriotism of the Dutch people who settled in the Mohawk Valley.

One of the most thrilling chapters in American fiction is Walter Edmonds' account of the Battle of Oriskany in "Drums Along the Mohawk." I commend the book, and particularly Mr. Edmonds' description of the bloody battle, to all Americans who take pride in our rich colonial history.

New York was one of the crucial battlegrounds of the Revolutionary War, and it is my hope that Congress will recognize the importance of Oriskany to our national heritage by taking favorable action on this bill.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

Mr. FULBRIGHT. Mr. President, by request, I introduce, for appropriate reference, a bill to amend the Foreign Assistance Act of 1961. This is the so-called foreign aid bill which the President has asked that the Congress consider.

I have not analyzed the bill, as yet, and am therefore introducing it "by request."

The Committee on Foreign Relations expects to begin hearings on April 5. In as much as the bill this year is much simplified, it is my hope that we will be able to report a bill to the Senate late in April.

Mr. President, for the convenience of Members, there has been prepared a section-by-section analysis of the bill I am today introducing. I ask unanimous consent that the analysis be printed at this point in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the analysis will be printed in the RECORD.

The bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, introduced by Mr. FULBRIGHT, by request, was received, read twice by its title, and referred to the Committee on Foreign Relations.

The analysis presented by Mr. FULBRIGHT is as follows:

SECTION-BY-SECTION ANALYSIS OF THE PROPOSED FOREIGN ASSISTANCE ACT OF 1962

I. INTRODUCTION

1. Purposes of the bill

The proposed Foreign Assistance Act of 1962 ("the bill") has two main purposes. First, it authorizes new appropriations for various categories of aid, including development grants, a new alliance for progress category, international organizations and programs, supporting assistance, and the contingency fund. Second, it effects certain substantive amendments in the Foreign Assistance Act of 1961, as amended ("the act").

2. Authorizations

The following table shows the authorizations and appropriations requested by the executive branch:

	Authorization request	Appropriation request
Pt. I. Act for International Development of 1961:		
Ch. 2. Development assistance:		
Title I. Development Loan Fund:		
Sec. 202(a). Authorization	[1]	$1,250,000,000
Title II. Development grants technical cooperation:		
Sec. 212. Authorization	$335,000,000	335,000,000
Title III. Investment guaranties:		
Sec. 222(f). General provisions	100,000,000	100,000,000
Title IV. Investment surveys:		
Sec. 232. Authorization	5,000,000	5,000,000
Title VI. Alliance for progress:		
Sec. 252. Authorization	[2] 3,000,000,000	600,000,000
Total, ch. 2	3,440,000,000	2,290,000,000
Ch. 3. International organizations and programs:		
Sec. 302. Authorization	148,900,000	148,900,000
Ch. 4. Supporting assistance:		
Sec. 402. Authorization	481,500,000	481,500,000
Pt. I. Act for International, etc.—Con.		
Ch. 5. Contingency fund:		
Sec. 451(a)	$400,000,000	$400,000,000
Total pt. I	4,470,400,000	3,320,400,000
Pt. II. International Peace and Security Act of 1961:		
Ch. 2. Military assistance:		
Sec. 504(a). Authorization	[1]	1,500,000,000
Total, pt. I and pt. II	4,470,400,000	4,820,400,000
Pt. III:		
Ch. 2. Administrative provisions:		
Sec. 637(a). Administrative expenses (AID)	55,000,000	55,000,000
Sec. 637(b). Administrative expenses (State)	[1]	3,100,000
Total, pt. III	55,000,000	58,100,000
Total, all parts	4,525,400,000	[3] 4,878,500,000

[1] Authorization is not contained in the act.

[2] Requested authorization provides that not to exceed $600,000,000 may be appropriated for use beginning in fiscal year 1963.

[3] This total does not include unobligated balances of prior year appropriations requested to be continued available.

In most cases the bill provides for the new authorizations by the technique of striking out the amount and the reference to fiscal year 1962 in the existing authorization and substituting the new amount and a reference to fiscal year 1963. The act now contains authorizations for appropriations for fiscal year 1963 for the Development Loan Fund (sec. 202(a)), for military assistance (sec. 504(a)), and for certain administrative expenses of the Department of State relating to functions under the act (sec. 637 (b)). Thus no new authorizations are needed for these purposes. In addition the bill provides an authorization for continuing the availability of unexpended balances of funds made available under the act.

II. PROVISIONS OF THE BILL

Part I. Act for international development of 1961

Chapter 1. Short Title and Statement of Policy

Statement of policy:

Section 101: Amends section 102 of the act, which contains a statement of policy for part I, by adding a statement that it is the sense of Congress that support for the peaceful uses of atomic energy should be continued in furtherance of the purposes of part I. Since section 102(c) of the bill strikes out section 213 of the act, which authorizes the use of development grant funds for the atoms for peace program, the new statement of policy is proposed in order that programs for the peaceful uses of atomic energy may continue to have express recognition in the act and in order to make clear that the deletion of section 213 does not imply any intention to discontinue such programs.

Chapter 2. Development Assistance

TITLE II. DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

General authority:

Section 102(a): Amends section 211(a) of the act, which relates to general authority, by providing that the criteria which that section requires the President to take into account in furnishing development grant assistance, apply as a matter of law only when such assistance is furnished to countries and areas, rather than to international organizations, for development grant purposes. It is now proposed that development grant funds, as well as supporting assistance funds and the new alliance for progress funds (see analysis of sec. 105 of the bill) will be available for assistance to regional and other international organizations, in addition to the funds available under chapter 3 of the act, relating to international organizations and programs. The United States will make contributions to international organizations and programs from development grant funds only where it has reasonable expectations that such funds will be administered by the organizations so as to further the criteria set forth in section 211(a) of the act. It is believed, however, that it would be inappropriate for the United States, when cooperating in multilateral efforts, to attempt to impose its own unilateral judgment with regard to the application of the criteria to specific multilateral projects or activities.

Authorization:

Section 102(b): Amends section 212 of the act, which relates to authorizations, by deleting the obsolete authorization for an appropriation for development grants for use beginning in fiscal year 1962 and substituting an authorization for an appropriation for this purpose for use beginning in fiscal year 1963.

Atoms for peace:

Section 102(c): Strikes out section 213 of the act, which relates to atoms for peace. Because the use of fiscal year 1963 development grant funds for programs for the peaceful uses of atomic energy will be for the economic development purposes for which such funds are authorized and will be carried out in accordance with the criteria applicable to such funds, section 213, which is a special diversionary authority to use development grant funds for atoms for peace programs, is no longer necessary and tends to confuse the concepts underlying the development grant title. Section 101 of the bill adds a new sentence to the statement of policy in section 102 of the act, expressing the sense of Congress that programs under the act for the peaceful uses of atomic energy should be continued.

TITLE III. INVESTMENT GUARANTEES

General authority:

Section 103(a): Amends section 221(b) of the act, which relates to general authority, in two respects:

Paragraph (1) amends section 221(b), which relates to specific risk guarantees, by deleting the present $1 billion ceiling on the total face amount of such guarantees which may be outstanding at any one time and substituting a new ceiling of $1.3 billion.

Paragraph (2) amends section 221(b)(2), which relates to all risk guarantees, by deleting the present $90 million ceiling on the total face amount of such guarantees which may be outstanding at any one time and substituting a new ceiling of $180 million.

See analysis of section 103(b) below, which increases the funds available for issuance of guarantees.

General provisions:

Section 103(b): Amends section 222 of the act, which relates to general provisions, by adding a new subsection (f) which authorizes an appropriation for use beginning in 1963 as a reserve available to discharge liabilities under investment guarantees. The amendment also makes a conforming change in section 222(d) of the act.

Housing projects in Latin American countries:

Section 103(c): Amends section 224 of the act, which relates to housing projects in Latin American countries, by deleting the $10 million ceiling on the total face amount of guarantees which may be outstanding at any one time under that section and substituting a new ceiling of $60 million. The amendment also makes a conforming change in section 224 to make clear that the appropriation which would be authorized by the amendment proposed in section 103(b) of the bill, would be available to discharge liabilities under investment guarantees issued under section 224 of the act, as well as those issued under section 221 of the act.

TITLE IV. SURVEYS OF INVESTMENT OPPORTUNITIES

Authorization:

Section 104: Amends section 232 of the act, which relates to authorization, by deleting the obsolete authorization for an appropriation for surveys of investment opportunities for use beginning in fiscal year 1962 and substituting an authorization for an appropriation for use beginning in fiscal year 1963.

TITLE VI. ALLIANCE FOR PROGRESS

Alliance for progress:

Section 105: Amends chapter 2 of part I of the act, which relates to development assistance, by adding a new title VI relating to the alliance for progress.

First, the amendment adds a new section 251 to the act, which relates to general authority. Subsection (a) of the new section expresses the sense of Congress as to the special significance of the relationships of the American peoples and Republics and the great hope for the advancement of the welfare of the American peoples which the alliance for progress offers. The section authorizes the President to furnish assistance on such terms and conditions as he may determine to promote the economic development of countries and areas (including dependent oversea territories) in Latin America, which includes the Caribbean area.

Subsection (b) of the new section 251 establishes the criteria and other conditions applicable to the furnishing of assistance under the new title VI. Since a major portion of the funds to be made available under the new title for fiscal year 1963 will be available only for dollar repayable loans, similar to development loans under the act, while a lesser portion will be available on a grant or other basis, similar to development grants (see the new sec. 252 which would be added by the amendment), the criteria and conditions contained in the new section 251(a) represent a combination of the criteria and conditions now applicable to development loans and grants under the act. First, the subsection makes clear that assistance under the new title shall be directed toward the development of both human and economic resources rather than emphasizing either the former or the latter as do development grants and development loans respectively. Next, it requires that the President, in furnishing assistance under the new title on either a loan or a grant basis to countries and areas (but not to international organizations, as explained in the analysis of sec. 102(a) of the bill) take into account four criteria: (1) the principles of the Act of Bogotá and the Charter of Punta del Este (this part of the first criterion is taken from the first portion of sec. 618 of the act, relating to economic assistance to Latin America, which is repealed by sec. 301(c) of the bill) and in particular the extent to which the country is taking self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) consistency with development plans and objectives; and (4) possible effects upon the U.S. economy. Finally, certain additional requirements now applicable to development loans under the act are also applicable to loans made under the new alliance-for-progress title from funds required to be used on a dollar repayable basis: (1) the President must take into account whether financing could be obtained from other free world sources; (2) such loans may be made only upon a finding of reasonable prospects of repayment; and (3) such loans are subject by cross-reference to section 201(d) (interest rates for loaning and reloaning), sections 202(b) and 202(c) (long-term commitment authority and related reporting requirement); and section 204 (Development Loan Committee).

Subsection (c) of the new section 251 provides that the authority of section 614(a) of the act may not be used to waive the requirements of the new title VI with respect to funds required to be used on a dollar repayable loan basis and that the transfer authority of section 610 may be used to transfer such funds only to development loan funds. The restrictions imposed by this subsection on the use of alliance-for-progress funds available only for dollar repayable loans are similar to those imposed by section 201(c) of the act on development loan funds and have the effect of preventing the use of the President's special authorities to diminish the dollar repayable loan requirement.

Subsection (d) of section 251 provides that the President shall, when requested and when appropriate, assist in fostering measures of agrarian reform. This subsection is taken verbatim from the second portion of section 618 of the act, relating to economic assistance to Latin America, which would be repealed by section 301(c) of the bill.

The amendment adds a new section 252 to the act, which relates to authorization. This section authorizes a total appropriation for use beginning in any of the fiscal years 1963 through 1966 of $3 billion, but limits the amount which may be appropriated for use beginning in fiscal year 1963 to not to exceed $600 million. Funds made available pursuant to the new title VI may be supplemented by other funds available for such purposes in Latin America, notably development loans and development grants, under appropriate circumstances. The section further provides that of the funds appropriated for use beginning in fiscal year 1963, not to exceed $100 million may be used on terms other than dollar repayable loans; i.e., grants or local currency repayable loans. The remaining funds (up to $500 million) must be used for dollar repayable loans.

The amendment adds a new section 253, relating to fiscal provisions, which provides that dollar receipts from loans under the new title VI will be available for use for further dollar repayable loans in furtherance of the purposes of the new title. It also provides that receipts from loans made for the benefit of countries and areas of Latin American (including loans to private entities) under title I of chapter 2 of part I (development loans), which are now made available by section 203 of the act for use under the development loan title, shall be available for use for further dollar repayable loans under the new title. The new section further provides that all receipts and other funds made available under the new title VI shall remain available until expended.

Chapter 3. International organizations and programs

Authorization:

Section 106: Amends section 302 of the act, which relates to authorization, by deleting the obsolete authorization for an appropriation for international organizations and programs for fiscal year 1962 and substituting an authorization for an appropriation for fiscal year 1963. As indicated under section 102(a), assistance to regional and other international organizations may also be provided under the authority of section 211 (development grants), the new section 251 (alliance for progress), and section 401 (supporting assistance) of the act.

Chapter 4. Supporting assistance

Authorization:

Section 107: Amends section 402 of the act, which relates to authorization, by deleting the obsolete authorization for an appropriation for supporting assistance for use beginning in fiscal year 1962 and substituting an authorization for an appropriation for fiscal year 1963.

Chapter 5. Contingency fund

Contingency fund:

Section 108(a): Amends section 451(a) of the act, which relates to the contingency fund, by deleting the obsolete authorization for an appropriation for the contingency fund for fiscal year 1962 and substituting an authorization for an appropriation for fiscal year 1963.

Section 108(b): Amends section 451(b) of the act, which relates to the contingency fund, by changing the present requirement that the President keep the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives currently informed of the use of contingency funds

to a requirement for quarterly reports on the use of such funds.

Part II. International Peace and Security Act of 1961

Chapter 2. Military Assistance

Sales:

Section 201(a): Amends section 507(a) of the act, which relates to sales, by making a technical change which is related to the amendment made by section 303(b) of the bill to the definition of the term "value" in section 644(m) of the act. The amended definition will clarify that the term "value" applies to sales transactions, as well as grants. The purpose of this amendment to section 507(a) of the act is to make it clear that the sales price of defense articles and defense services to foreign countries and international organizations may include normal pricing elements such as overhead cost and surcharges in addition to the "value" as defined.

Special authority:

Section 201(b): Amends section 510 of the act, which relates to special authority, by deleting the obsolete references to the fiscal year 1962 and substituting references to the fiscal year 1963, thereby extending the authority provided in that section for an additional year.

Restrictions on military aid to Latin America:

Section 201(c): Amends subsection 511(b) of the act, which relates to restrictions on military aid to Latin America, by striking "military assistance programs" and substituting "grant programs of defense articles," thereby conforming the language of this subsection to the language of subsection 511(a) of the act, which fixes a ceiling on grants of defense articles to Latin American republics.

Part III

Chapter I. General Provisions

Patents and technical information:

Section 301(a): Amends section 606 of the act, which relates to patents and technical information, by deleting subsection (c), which prohibits expenditure of funds appropriated pursuant to the act by the U.S. Government for the acquisition of any pharmaceutical products manufactured outside the United States if the manufacture of such product in the United States would be covered by an unexpired U.S. patent, unless such manufacture has been expressly authorized by the patent owner.

Completion of plans and cost estimates:

Section 301(b): Amends section 611(a) of the act, which relates to completion of plans and cost estimates, to render the requirements of section 611 applicable to agreements and grants under the proposed new title VI of chapter 2 of part I of the act, relating to the alliance for progress.

Economic assistance to Latin America:

Section 301(c): Strikes out section 618 of the act, which relates to economic assistance to Latin America, and adds a new section 618, relating to use of settlement receipts.

The substance of the present section 618 is incorporated in the proposed new title VI of chapter 2 of part I, relating to the alliance for progress, which would be added by section 105 of the bill. The first half of section 618, which requires economic assistance to Latin America under the act to be furnished in accordance with the principles of the act of Bogotá, is incorporated in substance in the proposed new section 251(b) of the act which requires the President, in furnishing assistance to countries and areas under the alliance-for-progress title, to take into account, among other things, the principles of the act of Bogotá and the Charter of Punta del Este. The second half of section 618, relating to agrarian reform in Latin America, is set forth verbatim in the proposed new section 251(d) of the act.

The new section 618 which would be added by the amendment provides that U.S. dollars paid directly to the United States under the agreement between the United States of America and Japan regarding the settlement of postwar economic assistance to Japan may be appropriated or otherwise made available in any appropriation act to carry out the provisions of part I of the act. The use of the dollars so received for this purpose would require appropriation action by the Congress pursuant to this authority and would be within the amounts authorized to be appropriated by part I of the act.

On January 9, 1962, representatives of the Governments of the United States and Japan signed an agreemcnt which, upon its entry into force, will constitute a final settlement for all economic assistance furnished to Japan by the U.S. Government during the period between September 2, 1945, and April 28, 1952. Under the agreement Japan would be obligated to pay the amount of $490 million, and approval of the Japanese Diet is required before the agreement can enter into force for Japan. At the request of the Government of Japan the United States recorded its intention in connection with the agreement, to employ the major portion of the funds received from the settlement, subject to appropriate legislation, for economic assistance to less developed countries. When this authorization is enacted, acts making appropriations for part I of the act could be used to appropriate or otherwise make available for this purpose dollars paid from time to time under the agreement. The amendment would not affect up to $25 million which the United States may request under the settlement agreement to be paid in yen to finance educational and cultural exchange programs, subject to availability of appropriations.

Chapter 2. Administrative Provisions

Exercise of functions:

Section 302(a): Amends section 621 of the act, which relates to excerise of functions, by deleting subsections (b), (c), (d), and (e) as obsolete. These subsections deal with the abolition of the Development Loan Fund, International Cooperation Administration, and the Office of the Inspector General and Comptroller, the transfer of their functions, and the transfer of the Cooley amendment function of the Export-Import Bank under section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480). All the actions provided for in the deleted subsections have been completed.

Statutory officers:

Section 302(b): Amends section 624 of the act, which relates to statutory officers, in several respects:

It strikes out subsection (d) as obsolete and redesignates subsection (e) as subsection (d). The present subsection (d) provides that any persons who, on the date prior to the effective date of the act, held certain statutory positions could continue to hold such positions for not to exceed 60 days following the effective date of the Act.

It amends paragraph 2(A) of redesignated subsection (d), which relates to the Inspector General, foreign assistance, to provide that the Inspector General shall have among his responsibilities, inspections and audits of programs conducted by U.S. Government agencies under Public Law 86–735 (the Latin America Development and Chile Reconstruction Act) in addition to programs under part I of the act and of the Peace Corps, which are now provided for by paragraph 2(A). This amendment together with the existing section 624(e)(6) of the act would empower the Inspector General to suspend, subject to certain limitations, all or any part of any programs under Public Law 86–735 conducted by U.S. Government agencies. The programs under Public Law 86–735 which the amendment subjects to the jurisdiction of the Inspector General are described as those conducted by U.S. Government agencies in order to avoid a retroactive application to programs now being conducted by the Inter-American Development Bank under the Social Progress Trust Fund Agreement. Programs conducted by the Bank under that agreement differ from programs conducted by international organizations financed in part from U.S. contributions to such organizations (in which case the Inspector General's jurisdiction covers the contribution of funds to the organization but not the organization's subsequent use of the funds), because the Bank's role under the agreement as a technical matter is more that of an agent agent carrying out bilateral U.S. assistance programs than of an international organization carrying out its own program to which the United States contributes. The trust fund agreement does not provide for audits by the Inspector General nor does it permit the Inspector General to suspend the operations of the Bank. The present amendment in effect exempts from the jurisdiction of the Inspector General only existing programs now being conducted by the Bank, since future alliance-for-progress funds are being sought under part I of the act, and no provision is made for exempting programs conducted by the Bank under part I of the act from the responsibilities of the Inspector General.

Finally, the amendment makes conforming changes in paragraphs (5) and (7) of redesignated subsection (d). These changes make clear that the Inspector General shall have access to all documents and other material of U.S. Government agencies administering Public Law 86–735 and that his expenses with respect to programs under that act may be charged to appropriations made to carry out such programs.

Employment of personnel:

Section 302(c): Amends section 625 of the act, which relates to employment of personnel, in two respects.

Paragraph (1) amends section 625(b), which relates to employment of personnel in the United States, by increasing (a) the ceiling on the number of such personnel employed to carry out part I or coordinate part I and part II who may be appointed or removed without regard to any law (i.e., "excepted personnel"). H.R. 1048 (the pay reform bill) now pending before the Congress, would amend section 625(b) of the act so as to remove the authority of that section to compensate specified numbers of personnel at rates, including supergrade rates, without regard to the Classification Act of 1949. While additional number of supergrades for carrying out the act is urgently needed, no provision for such authority is being proposed in the bill at this time, because the pay reform bill as proposed will meet the need. The effect of the amendment which would be made by the bill is to increase the number of excepted personnel now authorized by section 625(b), which are not affected by the pay reform bill.

Paragraph (2) amends section 625(d)(2), which authorizes use of authority under the Foreign Service Act of 1946 for the purpose of performing functions outside the United States, by authorizing initial assignment of personnel under section 625(d)(2) for duty within the United States for a period not to exceed 2 years pending assignment outside the United States. This authority is subject to a determination that it is important for the purposes of the act. It is intended that this authority will be used to provide a period of experience in operating positions in Washington for persons outside the U.S. Government who are recruited for responsible posts in aid missions abroad. This authority will permit AID to adopt a practice similar to the current practice of the State Department in assigning Foreign Service Reserve officers to initial duty in the United States.

Reports and information:

Section 302(d): Amends section 634(d) of the act, which relates to reports and information, by changing the present requirement that the report which must be made in January of each year cover actions taken during the preceding 12 months to a requirement that such reports cover actions taken during the preceding fiscal year. This requirement will be effective for the first time in January 1963, since that will be the first January following either 12 months or a fiscal year of operations under the act. The present requirement for reports on a calendar year basis is thought to be less useful than a requirement for reports on a fiscal year basis, since calendar year reports would cut across 2 fiscal years and give an incomplete picture of both.

General authorities:

Section 302(e): Amends section 635(h) of the act, which relates to general authorities, in two respects; First, it renders the 5-year contracting and agreement authority of subsection (h) applicable to the new title VI of chapter 2 of part I, relating to the alliance for progress. Section 635(h) now applies to title II (development grants) and V (development research) of chapter 2 of part I. The amendment also makes a technical change in the description of funds in section 635(h) from funds "made available" under the specified sections to funds "available" under those sections. This will describe more accurately funds available for development research since such funds are not appropriated separately for that purpose but are authorized to be taken from funds otherwise available under part I of the act.

Administrative expenses:

Section 302(f): Amends section 637 of the act, which relates to administrative expenses, in two respects:

Paragraph (1) amends section 637(a), which authorizes an appropriation for the administrative expenses of the Agency primarily responsible for administering part I (the Agency for International Development) by deleting the obsolete authorization for an appropriation for such expenses for fiscal year 1962 and substituting an authorization for an appropriation for fiscal year 1963.

Paragraph (2) amends section 637(b), which authorizes appropriations for certain administrative expenses of the Department of State in connection with functions under the act, by deleting a reference to the Secretary of State, so that appropriations pursuant to the section may be made to the President in conformity with other appropriations authorized by the act.

Chapter 3. Miscellaneous Provisions

Saving provisions:

Section 303(a): Amends section 643 of the act, which relates to saving provisions, by striking out subsection (d) as obsolete. Section 643(d) provides that nothing in the act shall affect the Peace Corps pending enactment of the Peace Corps Act or adjournment of the 1st session of the 87th Congress whichever is earlier.

Definitions:

Section 303(b): Amends subsections 644 (m) (2) and (3) of the act, which relate to definitions, by deleting the words "as grant assistance" from the definition of the term "value" in order to make it clear that the amount of reimbursement from MAP funds to the military departments under section 632(d) of the act for a defense article furnished to MAP by the military departments is the same whether MAP provides the item to a country or international organization on a grant or sales basis.

Unexpended balances:

Section 303(c): Amends section 645 of the act, which relates to unexpended balances, by adding to the existing authorization to continue available unexpended balances of funds made available under the Mutual Security Act and authority to consolidate such funds with appropriations made available for the same general purposes under the act, similar authorization and authority with respect to unexpended balances of funds made available under the act.

Part IV

Section 401: Repeals part IV of the act, which relates to amendments to other acts. The repeal of part IV will not affect the amendments contained in that part.

International Health Research Act of 1960:

Section 402. Amends section 5(f) of the International Health Research Act of 1960, which relates to delegation of functions under that act, to make clear that the President may delegate his authority thereunder to the Secretary of Health, Education, and Welfare, or to any other officer of the U.S. Government.

Act of August 1, 1956 (basic authority for the Department of State):

Section 403. Amends the act of August 1, 1956, as amended (5 U.S.C. 170g), which relates to basic authority for the Department of State, by authorizing the Secretary of State to settle promptly a small number of meritorious claims which are presented diplomatically by foreign governments from time to time. At present, the Secretary of State does not have this authority and must, therefore, seek legislation each time it is determined that a meritorious claim has been presented. This can result in delay and have adverse effects upon our relations with the foreign government concerned, particularly when the claim involves injured persons who are in need of assistance. Authority has been given to the Secretaries of the military departments by the Foreign Claims Act of August 10, 1956 (70A Stat. 154; 10 U.S.C. 2734), to pay up to $15,000 in settlement of claims presented directly by inhabitants of foreign countries for losses and damages caused by military activities abroad.

The proposed amendment is expressly limited to claims which are presented diplomatically on behalf of citizens of the presenting state and which are not cognizable under other laws or international agreements of the United States, such as the Federal Tort Claims Act, the Tucker Act, and the NATO status-of-forces agreements. The amendment provides a ceiling of $15,000, or the foreign currency equivalent thereof.

Since 1947, the Secretary of State has recommended, and the Congress has enacted, three bills authorizing payment of seven claims similar to those envisaged by this amendment. The claims totaled $40,742.65, or an average of $5,820.38 for each claim. It is not anticipated that the number of claims to be settled in the future will be materially greater than those settled in the past. Appropriations to the Department of State to carry out this authority would also be authorized by the provision.

AMENDMENTS TO THE UNITED NATIONS PARTICIPATION ACT OF 1945, AS AMENDED

Mr. FULBRIGHT. Mr. President, by request, I introduce for appropriate reference a bill to amend the United Nations Participation Act of 1945, as amended.

The proposed legislation has been requested by the Secretary of State and I am introducing it in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill may be printed in the RECORD at this point, together with the letter from the Secretary of State, dated March 3, 1962, in regard to it.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill and letter will be printed in the RECORD.

The bill (S. 2997) to amend the United Nations Participation Act of 1945, as amended, introduced by Mr. FULBRIGHT, by request, was received, read twice by its title, referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsections (a), (b) and (d) of section 2 of the United Nations Participation Act of 1945, as amended by Public Law 341, 81st Congress, October 10, 1949, are hereby further amended to read as follows:

(a) The President, by and with the advice and consent of the Senate, shall appoint a representative of the United States to the United Nations who shall have the rank and status of Ambassador Extraordinary and Plenipotentiary and shall hold office at the pleasure of the President. Such representative shall represent the United States in the Security Council of the United Nations and may serve ex officio as representative of the United States in any organ, commission, or other body of the United Nations, other than specialized agencies of the United Nations, and shall perform such other functions in connection with the participation of the United States in the United Nations as the President may, from time to time, direct.

(b) The President, by and with the advice and consent of the Senate, shall appoint such additional persons with appropriate titles, rank, and status to represent the United States in the principal organs of the United Nations and in such organs, commissions, or other bodies as may be created by the United Nations with respect to nuclear energy or disarmament (control and limitation of armament). Such persons shall serve at the pleasure of the President and subject to the direction of the representative of the United States to the United Nations. They shall, at the direction of the representative of the United States to the United Nations, represent the United States in any organ, commission, or other body of the United Nations, including the Security Council, the Economic and Social Council, and the Trusteeship Council, and perform such other functions as the representative of the United States is authorized to perform in connection with the participation of the United States in the United Nations. Any deputy representative or any other officer holding office at the time the provisions of this Act, as amended, become effective shall not be required to be reappointed by reason of the enactment of this Act, as amended.

(d) The President may also appoint from time to time such other persons as he may deem necessary to represent the United States in organs and agencies of the United Nations. The President may, without the advice and consent of the Senate, designate any officer of the United States to act without additional compensation as the representative of the United States in either the Economic and Social Council or the Trusteeship Council (1) at any specified session thereof where the position is vacant or in the absence or disability of the regular representative or (2) in connection with a specified subject matter at any specified session of either such Council in lieu of the regular representative. The President may designate

any officer of the Department of State, whose appointment is subject to confirmation by the Senate, to act, without additional compensation, for temporary periods as the representative of the United States in the Security Council of the United Nations in the absence or disability of the representatives provided for under section 2 (a) and (b) or in lieu of such representatives in connection with a specified subject matter.

SEC 2. Section 2 of such Act is hereby further amended by redesignating subsections (e) and (f) to be subsections (f) and (g) respectively; and by adding after subsection (d) the following new subsection:

"(e) The President, by and with the advice and consent of the Senate, shall appoint a Representative of the United States to the European Office of the United Nations with appropriate rank and status who shall serve at the pleasure of the President and subject to the direction of the Secretary of State. Such person shall, at the direction of the Secretary of State, represent the United States at the European Office of the United Nations, and perform such other functions there in connection with the participation of the United States in international organizations as the Secretary of State may, from time to time, direct."

SEC. 3. Such Act as hereby amended by inserting after section 8 the following new section:

"SEC. 9. The President may, under such regulations as he shall prescribe and notwithstanding the provisions of sections 1765 and 3648 of the Revised Statutes, as amended (5 U.S.C. 70, 31 U.S.C. 529), grant certain officers having important representation responsibilties as determined by the Representative of the United States to the United Nations, an allowance adequate to defray the additional housing costs necessitated by such representational responsibilities during the period such officer is assigned for duty in the continental United States as a member of the United States mission to the United Nations."

The letter presented by Mr. FULBRIGHT is as follows:

MARCH 3, 1962.

Hon. LYNDON B. JOHNSON,
President of the Senate.

DEAR MR. VICE PRESIDENT: I submit herewith a proposed draft amendment to the United Nations Participation Act of 1945, as amended by Public Law 341, 81st Congress, October 10, 1949, to grant the President wider discretion in assignment of top-level personnel of the U.S. mission to the United Nations, including their rank and status as ambassadors or ministers, and to give the U.S. representative discretion to assign these top representatives to the various organs of the United Nations in accordance with workload and other considerations; to authorize the President to appoint a U.S. representative to the European office of the United Nations and other international organizations; and to authorize payment of housing allowances to certain officers assigned to the U.S. mission to the United Nations.

The United Nations Participation Act now authorizes a representative and a deputy representative of the United States at the United Nations, both of whom shall have the rank and status of Envoy Extraordinary and Ambassador Plentipotentiary. In addition, another deputy representative to the Security Council is authorized and the President also may appoint, from time to time, such other persons as he may deem necessary to represent the United States in the agencies of the United Nations including the Economic and Social Council and the Trusteeship Council.

Ambassador Stevenson has found this to be unnecessarily rigid and it is proposed that the provisions specifying the number and the role of the deputies and their diplomatic titles be deleted. In lieu thereof, the proposed amendment would authorize the President to appoint such additional persons with appropriate title, rank and status as he deems necessary to represent the United States in the principal organs of the United Nations. In addition, these officers would, at the direction of the U.S. representative to the United Nations, represent the United States in any organ, commission, or other body of the United Nations including the Security Council, the Economic and Social Council and the Trusteeship Council and perform such other functions as the U.S. representative is authorized to perform.

These changes will permit the U.S. representative to organize his staff and assign their duties as he deems necessary to accomplish his mission effectively. In the case of the two deputy representatives, Ambassador Stevenson has in mind that they should be alter egos of the U.S. representative and available to represent the United States in any way in which he himself is able to do so. Although the proposed amendment gives the U.S. representative greater flexibility in determining assignments, it remains appropriate for an individual who was to be appointed, for example, to spend most of his time on the Economic and Social Council, to be appointed as representative to that Council, and that the Senate in advising and consenting on his appointment would consider primarily his ability and qualifications to fulfill those duties. This, however, would be on the understanding that if the U.S. representative to the United Nations found it desirable to utilize him temporarily as representative to one of the other organs, he would be in a position to do so.

The amendment also provides that persons who would represent the United States in the principal organs of the United Nations, including bodies that may be created by the United Nations with respect to nuclear energy or disarmament would be appointed subject to the advice and consent of the Senate. Persons appointed to represent the United States in other organs, commissions, and bodies of the United Nations would not require the advice and consent of the Senate.

It is not intended that enactment of this amendment would necessitate the reappointment of any person holding office at the time of its enactment.

The United States maintains a mission to the European office of the United Nations and other international organizations at Geneva. Geneva has become increasingly important as the site of many international conferences and organizations and the responsibilities of our mission there have increased commensurately. Therefore, it is proposed in this amendment that the President by and with the advice and consent of the Senate, shall be authorized to appoint a representative of the United States to the European office of the United Nations with appropriate rank and status who shall serve at the pleasure of the President and subject to the direction of the Secretary of State. In addition to representing the United States at the European office of the United Nations, such person shall perform such other functions in connection with the participation of the United States in international organizations as the Secretary of State may direct.

The proposed amendment to provide a housing allowance for officers of the U.S. mission in New York, is to remove the anomaly resulting from the loctaion in the United States of the United Nations. The functions performed by the U.S. mission are essentially diplomatic in nature and the representational duties performed by the officers are identical to those performed by officers in similar positions in our Foreign Service missions abroad. However, the quarters allowances authorized by law to our representatives to foreign countries and to international organizations whose headquarters are located outside the United States, are not paid to members of the U.S. mission to the United Nations.

The United States, as the host nation, can expect and must respond to the many opportunities for the effective social intercourse of representational activities. Foreign delegations look upon the U.S. mission to the United Nations as bearing a special responsibility in this area and they expect to be invited to the homes of the members of the mission. Officers assigned to the U.S. mission are expected to maintain private living quarters in the vicinity of the United Nations in order to discharge their representational responsibilities more effectively for the convenience, and in the interest of the Government. Their representational duties are for the most part discharged outside office hours, this being an obligation (and an uncompensated one) not imposed on other Government employees stationed in New York.

The expansion of the United Nations to the present total of 104 countries has greatly increased our responsibilities as host government. The problem of making known our Government's policies and determining the policies of the other governments has become of paramount importance. One of the most effective means of doing this is at small social gatherings; but in the past our contacts with other delegates have tended to be largely limited to public meetings, to corridor encounters and hasty restaurant luncheons. It is my firm belief that the personal type of representation, which is least expensive in the long run, brings about a greater understanding between our officers and their colleagues. It allows for creation of a family interest and an exchange of divergent views in the relaxed surroundings of a private American home, which make a pleasant and sympathetic atmosphere for diplomacy. Such entertainment creates good will and does not leave the impression that we are only concerned with immediate and pressing problems in the United Nations. Unfortunately, most of our officers assigned to the mission in New York have not generally been able to carry out their duties in such atmosphere. The reason is that they would be subjected to considerable personal expense in maintaining quarters adequate for such representational purposes.

As you know, the U.S. representative to the United Nations is able to have representational functions at the Waldorf Towers in which a suite is rented by the Government under authorization of a previous amendment to the present act. Only a very limited number of officers, using their personal funds, have been financially able to consider the problem of maintaining apartments in Manhattan. On the other hand, most of our officers have not been able to assume the added personal expenses of high costs for representational quarters and consequently have found it necessary to live in the suburbs. Thus, they are placed at a disadvantage with respect to their opposite numbers in other delegations who are receiving allowances which are usually granted to diplomats serving abroad.

There is need for a new allowance to defray the added costs which certain officers of the U.S. mission are forced to incur if they are to obtain and maintain housing that is adequate for the proper discharge of their representational duties. The amount of this allowance would represent the difference between cost of adequate representational housing and the cost of housing which an officer concerned would have if he had no representational responsibilities. We intend to limit eligibility to those officers having more than usual representational responsibilities, and the total cost for their housing allowances would be approximately $60,000 per annum.

The submission of this proposed legislation has been approved by the Bureau of

May 21, 1962

SENATE

12. FARM PROGRAM. Began debate on S. 3225, the farm bill. pp. 8114, 8128-32, 8133-45, 8147-53

Sens. Humphrey, Ellender, Mundt, Young, N. Dak., and Proxmire submitted amendments intended to be proposed to the farm bill. p. 8083

Sen. Miller inserted a resolution from the Mason City, Iowa, Chamber of Commerce opposing enactment of H. R. 10010, the proposed farm bill. pp. 8088-9

Sen. Metcalf inserted an article on the Estes case, "Two Psychiatrists Found Miss Jones Mentally Ill," and Sen. Williams, Del., inserted an article, "Hales' Ex-Secretary Ruled Mentally Sound." pp. 8099-8101

13. SCHOOL LUNCH. Sen. Humphrey commended the school lunch program and inserted his letter to the President urging him to proclaim a National School Lunch Week in honor of the program. pp. 8084-6

14. FOOD STAMPS. Sen. Hart commended the pilot food stamp program, stated that "All concerned are more than delighted with the success of the first year's operation of this program in Detroit," and inserted an article, "Detroit Food Stamp Program Makes A Hit." p. 8164

15. FOREIGN TRADE. Sen. Hartke expressed his "deep concern over the President's proposed Trade Expansion Act of 1962" and its possible effects on the domestic economy, stating that "the farmers of Indiana and of our Nation as a whole would be adversely affected if, with all our present surplus, we should suddenly lose our export markets." p. 8108

16. FOREIGN AID. The "Daily Digest" states that the Foreign Relations Committee continued executive consideration of S. 2996, the proposed Foreign Assistance Act of 1962, and announced agreements to cut development grants from $335 million to $300 million and approved $148.9 million for international organizations. p. D386

17. TRANSPORTATION. The Commerce Committee voted to report (but did not actually report) with amendment S. 3016, to establish new loadlines regulations for oceangoing and coastwise vessels. p. D386

18. CENSUS. Both Houses received from Commerce a proposed bill "to provide for earlier taking of the economic censuses"; to S. and H. Post Office and Civil Service Committees. pp. 8080, 8197

19. FINANCES. Both Houses received from Treasury the annual report on the state of finances for fiscal year 1961. pp. 8080, 8197

20. PERSONNEL. Received from GAO "a report on the review of certain aspects of operations of the Federal employees' group life insurance program." p. 8080

21. HEALTH CARE. Sen. Humphrey commended the President's address in Madison Square Garden urging "the passage this year of the King-Anderson bill which would provide hospital and health care for elder citizens under the social security system," and inserted several items discussing the address. pp. 8096-9

22. HOMESTEADS. Sen. Carlson inserted a statement by Sen. Curtis commending the 100th anniversary of the enactment of the Homestead Act in which he stated that "The Homestead Act built the great food-producing area of America." p. 8103

23. BANKING. Sen. Thurmond inserted the address of Sen. Robertson before the State convention of the S. C. Bankers Association, "Banking and Government." pp. 8103-5

24. WATERSHEDS. In addition to the watershed projects listed as approved by the Special Subcommittee on Watershed Projects of the Agriculture and Forestry Committee on May 15 for full committee consideration (see Digest 77), the Special Subcommittee also approved the Saltlick Creek, W. Va., and San Gabriel River, Calif., watershed projects.

ITEMS IN APPENDIX

25. DAIRY INDUSTRY. Extension of remarks of Sen. Wiley commending the observance of June as Dairy Month. pp. A3731-2

26. FARM PROGRAM. Extension of remarks of Rep. Ellsworth urging an immediate investigation of the Estes case "as the loss of public confidence in the Agriculture Department demands." p. A3733

Extension of remarks of Rep. Michel inserting an article, "Freeman on the Griddle." p. A3735

Extension of remarks of Rep. Schwengel inserting an article, "A Farm Plan That You Run," and stating that it is a discussion between the voluntary approach and the "administration's compulsory quota system which no one except Secretary Freeman and his planners seem to want." pp. A3741-2

Extension of remarks of Rep. Derounian inserting an article, "In the Ballooning Estes Mess -- The Facts Catch Up With Freeman." pp. A3743-4

Extension of remarks of Rep. Dole inserting an article, "Courageous Secretary Speaks Up For Estes." p. A3759

27. CORN TASSEL. Extension of remarks of Sen. Douglas inserting an article dealing with the efforts of Miss Margo Cairns to have the golden corn tassel adopted as the national floral emblem. p. A3757-8

28. PERSONNEL. Extension of remarks of Rep. Pelly inserting an article criticizing the increase in Federal civilian employees. p. A3758

BILLS INTRODUCED

29. FEDERAL AID. S. 3327, by Sen. Sparkman, to make certain federally impacted areas eligible for assistance under the public facility loan program; to Banking and Currency Committee.

30. LIBRARIES. H. R. 11823, by Rep. Bailey, and H. R. 11824, by Rep. George P. Miller, to amend the Library Services Act in order to make areas lacking public libraries; public elementary and secondary school libraries; and certain college and university libraries; eligible for benefits under that act; to Education and Labor Committee. Remarks of Rep. Bailey. pp. 8177-8

31. LANDS. H. R. 11822, by Rep. Aspinall (by request), to permit applications for entry under the public land agricultural laws to be filed only for lands designated as open to such application; to Interior and Insular Affairs Committee. Remarks of author. pp. 8176-7

32. PERSONNEL. H. R. 11830, by Rep. Olsen (by request), to authorize the withholding from the pay of civilian employees of the United States the dues for membership in certain employee organizations; to Post Office and Civil Service Committee.

Daily Digest

HIGHLIGHTS

Senate debated farm bill.

Senate

Chamber Action

Routine Proceedings, pages 8079–8114

Bills Introduced: Eight bills and one resolution were introduced, as follows: S. 3326–3333; and S. Res. 344. Page 8081

Bills Reported: Reports were made as follows: S. 2208, 2694, 2729, 2751, 2766, 2777, 2803, 2804, H.R. 1395, 1404, 1712, 2103, 2187, 2198, 2672, 2839, 8368, 9466, S. 1264, 2661, 2667, 2722, 2760, 2865, H.R. 1653, S. 1849, and 2668, private bills (S. Repts. 1492–1518). Pages 8080–8081

Bills Referred: Two House-passed bills were referred to appropriate committees. Page 8079

International Castings Week: Senate reconsidered its action of May 17 in passing with committee amendments S.J. Res. 149, designating the week of May 6, 1962, as International Castings Week, and again passed the bill with committee amendments and with an amendment by Senator Dirksen to change the date in the bill so as to designate the week of June 25, 1962, as International Castings Week. Pages 8153–8154

Farm Program: Senate debated S. 3225, proposed Food and Agriculture Act of 1962. Pages 8114, 8128–8153

Treaty Withdrawal: Cultural Convention between U.S. and Brazil, signed at Washington, D.C., on October 17, 1950 (Ex. X, 81st Cong., 2d sess.), was withdrawn. Pages 8079–8080, 8166

Confirmation: Nomination of William P. Mahoney, Jr., of Arizona, to be Ambassador to Ghana, was confirmed. Page 8166

Nominations: The following nominations were received: Two civilian, including that of Cyrus Roberts Vance, of New York, to be Secretary of the Army; and the nominations of Adm. Alan G. Kirk (USN, retired), of New York, to be Ambassador to China; and Mrs. Eugenie Anderson, Minnesota, to be Minister to Bulgaria. Pages 8165–8166

Program for Tuesday: Senate met at noon and adjourned at 6:06 p.m. until noon Tuesday, May 22, when it will continue on S. 3225, farm bill. Pages 8654, 8164–8165

Committee Meetings

(*Committees not listed did not meet*)

APPROPRIATIONS—DEFENSE

Committee on Appropriations: On Friday, May 18, subcommittee continued its hearings on H.R. 11289, fiscal 1963 appropriations for the Defense Establishment, receiving testimony in opposition to reductions in funds for the Army National Guard and Reserve program from Senators McClellan and Fong; Maj. Gen. William H. Harrison, Jr., National Guard Association, who was accompanied by his associates; and Col. John T. Carlton, Reserve Officers Association, who was accompanied by his associates.

Hearings continue tomorrow.

APPROPRIATIONS—PUBLIC WORKS

Committee on Appropriations: On Friday, May 18, subcommittee concluded its hearings on fiscal 1963 budget estimates for public works, after receiving testimony from the following witnesses:

Senators Kefauver, Gore, and Stennis; Representatives Andrews, Huddleston, Abernethy, and Winstead; and Governor Patterson, of Alabama, all on funds for the Tennessee-Tombigbee Waterway;

Representative Winstead, on funds for survey of Pearl River and flood control for Jackson and East Jackson, Miss.;

Senators Fulbright and McClellan, and Representative Harris, on funds for flood control for the Mississippi River and its tributaries, and for Ouachita River navigation facilities;

Senators Fulbright and McClellan, and Representatives Trimble and Harris, on funds for projects for the Arkansas River and its tributaries;

Senators Carlson and Long of Missouri, on funds for projects in the Upper Mississippi River Basin;

Senator Hart and Representative O'Hara of Michigan, on funds for Clinton River (Mich.) survey; and

Senator Douglas, on funds for a navigation survey in Indiana.

Subcommittee adjourned subject to call.

APPROPRIATIONS—RECLAMATION

Committee on Appropriations: Subcommittee continued its hearings on fiscal 1963 budget estimates for the Bureau of Reclamation, with testimony from its Director, Floyd E. Dominy, who was accompanied by his associates.

On Friday, May 18, subcommittee received testimony from Charles F. Luce, Administrator, Bonneville Power Administration.

Hearings continue tomorrow, with further testimony from Mr. Dominy.

STOCKPILING

Committee on Armed Services: Subcommittee on the National Stockpile held hearings to receive testimony as to whether or not there is a shortage of cadmium for use by industry, and whether or not an excess of cadmium in the national stockpile should be made available for industrial use. Witnesses heard were William Lawrence, Office of Emergency Planning; S. D. Strauss, American Smelting & Refining Co., New York; Aubrey Fletcher, of C. Tennent Sons & Co., New York; Howard L. Young, American Zinc, Lead & Smelting Co., St. Louis; P. Peter Kovatis, National Association of Metal Finishers, Montclair, N.J.; Glenn H. Friedt, Jr., United Platers, Inc., Detroit; and Julian Nelkin, of the Henry Nelkin Co., Brooklyn, N.Y.

Subcommittee also had as its witness William F. Mullins, Industrial Diamond Association of America, Inc., New York, who testified that natural diamonds were preferable to synthetic diamonds for industrial use.

Hearings continue tomorrow regarding stockpiling of copper.

DISCLOSURE OF FINANCE CHARGES

Committee on Banking and Currency: On Friday, May 18, Subcommittee on Production and Stabilization continued its hearings on S. 1740, to require the disclosure of finance charges in connection with extensions of credit, receiving testimony from Robert W. Johnson, a professor at Michigan State University; and Mrs. Jane Kampf Irwin, American Retail Federation.

Hearings were recessed subject to call.

COMMITTEE BUSINESS

Committee on Commerce: Committee, in executive session, ordered favorably reported S. 1184, setting forth requirements for contracts under which the U.S. may acquire certain ships (amended); H.R. 4783, granting constructive service to members of the Coast Guard Women's Reserve for the period from July 25, 1947, to November 1, 1949; S. 367, providing medical care for persons engaged on board vessels (amended); S. 2107, extending application of certain provisions of law to the U.S. Coast Guard; and S. 3016, to establish new loadlines regulations for oceangoing and coastwise vessels (amended).

On Friday, May 18, committee, in executive session, by a vote of 14 to 2, ordered favorably reported H.R. 8031, granting the FCC certain regulatory authority over television receiving apparatus. Committee also approved the nomination of Adm. Edwin J. Roland, to be Commandant of the Coast Guard.

Committee announced that it will hold an executive session on Wednesday, May 23, to consider the following measures: S. 2814, communications satellite system; S. 3115, admitting the vessel *City of New Orleans* to American registry; S. 2313 and S. 2314, relating to liability of vessel ownership; and S. 3242 and 3243, transportation bills.

COAL SLURRY PIPELINE

Committee on Commerce: Committee resumed its hearings on H.R. 3044, granting the right of eminent domain to carriers of coal by pipeline, subject to provisions of part 1 of the Interstate Commerce Act. Witnesses heard were Arthur Bayliss, vice president, New York Central Railroad; Owen Clarke, vice president, Chesapeake & Ohio Railway Co.; W. C. Altvater, vice president, Pittsburgh & Shawmut Coal Co., Kittanning, Pa.; and Clyde L. Machamer, Independent Miners & Associates, Pottsville, Pa.

Hearings were recessed subject to call.

FOREIGN AID

Committee on Foreign Relations: Committee continued its executive consideration of S. 2996, proposed Foreign Assistance Act of 1962, and announced the following agreements:

(1) To retain for fiscal year 1963 the same level of assistance for India as given in fiscal year 1962;

(2) Adopted an amendment to cut development grants from $335 million to $300 million;

(3) Approved $100 million for investment guarantees;

(4) Approved $5 million for investment surveys;

(5) Approved $3 billion for the alliance for progress over a 4-year period—$600 million for the first year;

(6) Approved $148.9 million for international organizations;

(7) Cut supporting assistance from $481.5 million to $450 million; and

(8) Cut the contingency fund from $400 million to $300 million.

Committee will meet again tomorrow for final vote on the bill.

INVESTIGATION—ESTES CASE

Committee on Government Operations: The Permanent Subcommittee on Investigations held executive hearings in connection with the Billie Sol Estes case, but made no announcements.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For information only; should not be quoted or cited)

Issued May 23, 1962
For actions of May 22, 1962
87th-2d, No. 81

CONTENTS

Appropriations.....39
Atomic energy.....14
Conservation reserve.....28
Copyrights.....16
Cotton.....35
Cultural exchange.....9
Dairy industry.....6
Exports.....4
Education.....9
Export control.....33
Farm program.....1,11,27
Feed grain.....1
Fisheries.....26
Food-for-peace.....2
Foreign affairs.....19
Foreign aid.....3,37
Foreign trade.....20,24,33
Lands.....13,29,31
Law.....15
Loans.....7
Opinion poll.....23
Personnel.....30
Public facilities.....7
Public works.....8
Reclamation.....12
Retirement.....30
School lunch.....10
Small business.....5,32
Soil bank.....28
Soil conservation.....22,29
Stockpiling.....36
Sugar.....40
Surplus food.....2
Taxation.....38
Territories.....17
Transportation.....25,34
Treasury.....18
Wheat.....1
Wildlife.....21

HIGHLIGHTS: Senate debated farm bill. Senate committee voted to report foreign aid bill. House Rules Committee cleared bill to revise school lunch fund apportionment formula. Rep. Findley criticized wheat and feed grains provisions of farm bill.

SENATE

1. FARM PROGRAM. Continued debate on S. 3225, the farm bill (pp. 8260-72, 8276-86, 8289-98). Agreed to a unanimous-consent agreement by Sen. Mansfield that on Thurs., May 24, a vote shall be taken on the Ellender wheat amendment at 2 p.m., and a vote shall be taken on the Ellender feed grain amendment two hours later (pp. 8295-6).

   Sens. Eastland, McCarthy (for himself and Sens. Humphrey and Metcalf), and Proxmire submitted amendments intended to be proposed to this bill, S. 3225. p. 8244

   Sen. Miller inserted a newspaper editorial, "Truman's Farm Views," critical of a recent remark of former President Truman about farmers being "the biggest yellers in the country." p. 8297

2. SURPLUS FOOD. Sens. Mundt, Humphrey, Carlson, Javits, and Keating discussed the plight of refugees fleeing from Red China to Hong Kong and urged the use of U. S. surplus foods to aid these refugees. pp. 8253-6, 8272-3

   Sen. Humphrey referred to an article concerning famine-stricken villages in Dahomey, West Africa, and commended the food-for-peace program in sending food supplies to help relieve the situation. p. 8299

3. FOREIGN AID. The "Daily Digest" states that the Foreign Relations Committee "by a vote of 14 to 3, ordered favorably reported with amendments S. 2996, proposed Foreign Assistance Act of 1962 ... the committee cut funds for supporting assistance by $50 million so that this fund now would provide $400 million p. D393

4. EXPORTS. The Banking and Currency Committee voted to report (but did not actually report) with amendment S. 3161, to repeal Sec. 12 of the Export Control Act of 1949 so as to provide for continuation of the authority for regulation of exports. p. D393

5. SMALL BUSINESS. The Banking and Currency Committee voted to report (but did not actually report) with amendment S. 2970, to amend the Small Business Act so as to provide for the establishment of a revolving fund to finance certain functions of the Small Business Administration. p. D393

6. DAIRY INDUSTRY. Sen. McCarthy criticized the use of health requirements to restrict the interstate movement of milk and inserted a Minn. State Board of Health resolution opposing the use of such requirements and favoring enactment of S. 212, the proposed National Milk Sanitation Act. pp. 8246-7

Sen. Wiley stated "that the solution to the milk problem is to be found" i greater consumption, more adequate distribution, and expanded research to find industrial uses for dairy products. p. 4247

7. LOANS. The Banking and Currency Committee reported with amendment S. 3327, to make certain federally impacted areas eligible for assistance under the public facility loan program (S. Rept. 1519). p. 8243

8. PUBLIC WORKS. Sen. Gruening stated his intention to propose an amendment to S. 2965, the proposed public works acceleration bill, to increase the amounts authorized to be appropriated for an amergency program of public works, and inserted replies he had received from certain States on the need for additional public works projects. pp. 8286-9

9. EDUCATION; CULTURAL EXCHANGE. Both Houses received from the State Department a report on the educational and cultural exchange program for the fiscal year 1961. pp. 8240, 8243

HOUSE

10. SCHOOL LUNCH. The Rules Committee reported a resolution for the consideration of H. R. 11665, to revise the formula for apportioning cash assistance funds among the States under the National School Lunch Act. pp. 8222, 8240

The Committee report states that the bill makes the following changes in the National School Lunch Act:

"The formula for apportionment of cash assistance funds among the States is based upon number of type A lunches served in the preceding year, including those served without milk as a beverage, and the assistance need rate for the State. Under existing law, funds are apportioned on the basis of total school-age population. During the fiscal year beginning July 1, 1962, one-half of the cash assistance funds will be distributed under existing law and one-half under the new formula.

"A special assistance fund is authorized to assist schools drawing attendance from areas in which poor economic conditions exist and which are not financially able, with the basic assistance provided under the act, to

STOCKPILING

Committee on Armed Services: Subcommittee on the National Stockpile held hearings to receive testimony on the copper stockpiling contract of Calumet & Hecla, Inc., of Chicago, having as its witnesses Louis Brooks, Credit and Finance Division, General Services Administration; and Wellwood H. Maxwell, of Washington, D.C.

Hearings continue tomorrow.

COMMITTEE BUSINESS

Committee on Banking and Currency: Committee, in executive session, ordered favorably reported S. 2970, to amend the Small Business Act with regard to the revolving fund (amended); S. 3161, providing for the continuation of authority for the regulation of exports (amended); S. 2876, extending Armed Services Housing Mortgage Insurance to persons connected with NASA and the AEC; and S. 3327, to make certain federally impacted areas eligible for assistance under the public facility loan program.

FOREIGN AID

Committee on Foreign Relations: Committee, in executive session, by a vote of 14 to 3, ordered favorably reported with amendments S. 2996, proposed Foreign Assistance Act of 1962. In addition to actions taken by the committee yesterday, listed on page D386 of the DAILY DIGEST, the committee cut funds for supporting assistance by $50 million, so that this fund now would provide $400 million.

INVESTIGATION—MISSILE INDUSTRY

Committee on Government Operations: The Permanent Subcommittee on Investigations resumed its hearings on the subject of the pyramiding of profits and costs in the missile procurement program, with testimony from Col. John M. Coulter, former Chief, Bomarc Project Office, Wright-Patterson Air Force Base; Thomas Nunnally and Paul J. Tierney, both of the subcommittee's staff; and Charles Bailey and J. Edward Welsh, both of the GAO.

Hearings continue tomorrow.

CRATER-LONG LAKES DIVISION

Committee on Interior and Insular Affairs: The Irrigation and Reclamation Subcommittee held hearings on S. 594, authorizing construction of the Crater-Long Lakes Division of the Snettisham project near Juneau, Alaska, receiving testimony from Senators Bartlett and Gruening; Kenneth Holum, Assistant Secretary of the Interior for Water and Power Development, who was accompanied by his associates; Col. Joseph F. Garbazz, Corps of Army Engineers; and the following Alaskan witnesses: Larry Parker, mayor of Juneau; Dave Horton, president, board of directors, PUD, Auk Bay; Rod Nordling, Glacier Highway Electric Association; Franz Nagel, Alaska Electric Light & Power Co.; and Phil Holdsworth, commissioner, department of natural resources.

Hearings were recessed subject to call.

GOLD PRODUCTION

Committee on Interior and Insular Affairs: The Minerals Subcommittee announced that it had postponed hearings scheduled for May 23 on S.J. Res. 44, to make incentive payments to encourage the discovery and production of domestic gold. Hearings on this legislation will be rescheduled in the future.

VETERANS' AFFAIRS

Committee on Labor and Public Welfare: Subcommittee on Veterans' Affairs, in executive session, approved for full committee consideration the following bills: S. 801, to change the definition of the term "Veterans' Administration facilities" in connection with hospital facilities; H.R. 10069, authorizing funds for prosthetic research by the Veterans' Administration (amended); S. 2869, affording additional time during which blinded veterans may obtain vocational rehabilitation training (amended); S. 3024, to extend the maximum maturity of VA direct nonfarm home loans from 30 to 35 years; H.R. 5939, designating State agencies to work in conjunction with the VA on educational programs for war orphans; S. 3108, to make disabled peacetime veterans eligible for assistance in the acquisition of an automobile (amended); S. 3109, authorizing medical care for peacetime veterans suffering from noncompensable service-connected disability; H.R. 1811, to permit persons eligible for veterans' benefits to attend foreign educational institutions under certain circumstances; H.R. 8802, providing for waiver of indebtedness to the U.S. in certain cases arising out of default on VA-guaranteed loans; and H.R. 8992, amending certain administrative provisions of the veterans' benefits laws relating to the Department of Medicine and Surgery in the VA.

House of Representatives

Chamber Action

Bills Introduced: 13 public bills, H.R. 11839–11851; 18 private bills, H.R. 11852–11869; and 8 resolutions, H. Con. Res. 477 and H. Res. 651–657, were introduced.

Pages 8240–8241

Bills Reported: Reports were filed as follows:

H.R. 11537, to amend the Labor-Management Relations Act to permit employer contributions for joint industry promotion of products in certain instances, amended (H. Rept. 1719);

H.R. 10308, a private bill (H. Rept. 1720);

H.R. 9522, for relief of certain members of the U.S. Marine Corps who suffered losses pursuant to cancellation of permanent change of station movements, amended (H. Rept. 1721);

H.R. 10265, relating to basic salary in cases of assignments of postal employees, amended (H. Rept. 1722);

H.R. 10618, granting consent of Congress to the Southern Interstate Nuclear Compact (H. Rept. 1723);

H.R. 10651, to amend U.S. Code with respect to fees of U.S. marshals (H. Rept. 1724);

H. Res. 656, providing for the consideration of and 1 hour of debate on H.R. 10937, to amend the act providing for the economic and social development in the Ryukyu Islands (H. Rept. 1725); and

H. Res. 657, providing for the consideration of and 1 hour of debate on H.R. 11665, to revise the formula for apportioning cash assistance funds among the States under the National School Lunch Act (H. Rept. 1726). Page 8240

Navajo Irrigation Project: Adopted H. Res. 596, providing for the consideration of and 3 hours of debate on H.R. 7596, authorizing construction of Navajo Indian irrigation project and the initial stage of the San Juan-Chama project as participating projects of the Colorado River storage project. After consuming all time allotted for debate the House agreed to consider the bill as read and deferred the consideration of amendments thereto until Wednesday when the bill will be considered by sections for that purpose. Pages 8199–8221

Program: It was announced that H.R. 10937, relating to the economic and social development in the Ryukyu Islands, would be considered on Thursday. Page 8221

Quorum Calls: During the proceedings of the House today two quorum calls developed and they appear on pages 8201 and 8210.

Program for Wednesday: Adjourned at 4:58 p.m. until Wednesday, May 23, at 12 o'clock noon, when the House will further consider H.R. 7596, authorizing construction of Navajo Indian irrigation project and the initial stage of the San Juan-Chama project as participating projects of the Colorado River storage project; also will consider H.R. 11737, National Aeronautics and Space Administration authorization bill for fiscal year 1963 (4 hours of debate).

Committee Meetings

SUGAR

Committee on Agriculture: Continued hearings on H.R. 11730, proposing a 5-year extension of the Sugar Act, and heard testimony given by public witnesses.

RESERVE POSTURE

Committee on Armed Services: Subcommittee No. 3 continued hearings on Reserve posture and recall of reservists. Testimony was given by Representative Reuss; Governor Keyser, of Vermont; and public witnesses. Hearings continue Wednesday, May 23.

REHABILITATION OF HANDICAPPED

Committee on Education and Labor: Special Subcommittee on Education met in executive session and continued consideration of legislation regarding special education and rehabilitation of the handicapped. No announcements were made.

FOREIGN AID

Committee on Foreign Affairs: Met in executive session to continue the markup of the Foreign Assistance Act of 1962. No announcements were made. Recessed until Wednesday, May 23.

AFRICA

Committee on Foreign Affairs: Subcommittee on Africa met in executive session for a briefing from G. Mennen Williams, Assistant Secretary of State for African Affairs.

NATIONAL PARKS

Committee on Interior and Insular Affairs: Subcommittee on National Parks ordered reported favorably to the full committee H.R. 5049, H.R. 5013, and S. 4, to save and preserve for the public use and benefit a portion of the remaining undeveloped seashore of the U.S. located in the State of Texas.

Also considered a proposed concession contract to authorize the Yosemite Park & Curry Co. to continue to provide concession facilities and services in the Yosemite National Park, Calif.

Prior to taking action the subcommittee heard testimony from Department of Interior witnesses on H.R. 5049, 5013, and S. 4.

FEDERAL TRADE COMMISSION ACT

Committee on Interstate and Foreign Commerce: Held a hearing on H.R. 127, and related bills, to amend the Federal Trade Commission Act, relating to fair competition; and H.R. 8830, and related bills, to amend the Federal Trade Commission Act, relating to temporary cease-and-desist orders. Testimony was given by public witnesses. Hearings continue Wednesday, May 23.

JUDICIAL MISCELLANY

Committee on the Judiciary: Met in executive session and ordered favorably reported to the House the following bills:

Calendar No. 1495

87TH CONGRESS
2d Session

SENATE

REPORT
No. 1535

FOREIGN ASSISTANCE ACT OF 1962

REPORT

OF THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

ON

S. 2996
TO AMEND FURTHER THE FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED, AND FOR OTHER PURPOSES



MAY 28 (legislative day, MAY 25), 1962.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE
72006 WASHINGTON : 1962

COMMITTEE ON FOREIGN RELATIONS

J. W. FULBRIGHT, Arkansas, *Chairman*

JOHN SPARKMAN, Alabama
HUBERT H. HUMPHREY, Minnesota
MIKE MANSFIELD, Montana
WAYNE MORSE, Oregon
RUSSELL B. LONG, Louisiana
ALBERT GORE, Tennessee
FRANK J. LAUSCHE, Ohio
FRANK CHURCH, Idaho
STUART SYMINGTON, Missouri
THOMAS J. DODD, Connecticut

ALEXANDER WILEY, Wisconsin
BOURKE B. HICKENLOOPER, Iowa
GEORGE D. AIKEN, Vermont
HOMER E. CAPEHART, Indiana
FRANK CARLSON, Kansas
JOHN J. WILLIAMS, Delaware

CARL MARCY, *Chief of Staff*
DARRELL ST. CLAIRE, *Clerk*

CONTENTS

	Page
1. Main purpose of the bill	1
2. What the bill provides	1
3. Committee action	3
4. Committee comments	4
5. Substantive provisions of the bill:	
Part I:	
Chapter 2. Development assistance	12
Title I. Development loan fund	12
Title II. Development grants	15
Title III. Investment guaranties	18
Title IV. Surveys of investment opportunities	19
Title V. Development research	19
Title VI. Alliance for progress	20
Chapter 3. International organizations and programs	26
Chapter 4. Supporting assistance	29
Chapter 5. Contingency fund	31
Part II:	
Chapter 2. Military assistance	32
6. Changes in part III:	
Chapter 1. General provisions	35
A. Patents and technical information	35
B. Transfers between accounts	35
C. Completion of plans and cost estimates	36
D. Use of settlement receipts	36
E. Restrictions on furnishing assistance	36
1. Expropriations	36
2. Aid to India	37
Chapter 2. Administrative provisions	37
A. Exercise of functions	37
B. Statutory officers	37
C. Employment of personnel	38
D. General authorities	38
E. Administrative expenses	38
Chapter 3. Miscellaneous provisions	38
A. Saving provisions	38
B. Definitions	38
C. Unexpended balances	39
7. Changes in part IV:	
A. Act of August 1, 1956 (basic authority for the Department of State, sec. 2)	39
B. Mutual Educational and Cultural Exchange Act of 1961 (sec. (a)(3))	39
C. Part V: Migration and Refugee Assistance Act of 1962	40
8. Changes in existing law:	
A. Foreign Assistance Act of 1961	40
B. Mutual Security Act of 1954	72
C. Section 2(a) of Public Law 86-648, July 14, 1960 (74 Stat. 504)	72

APPENDIX

		Page
1.	U.S. foreign assistance, by region and country—cumulative, fiscal year 1946 through fiscal year 1961 (prepared by the Agency for International Development)	74
2.	Consortia for India and Pakistan (statement of the executive branch)	78
3.	Credits and grants extended to less-developed countries of the free world by the Sino-Soviet bloc mid-1955–December 1961 (statement of the AID)	80
4.	Letter from AID Administrator to Senator J. W. Fulbright: Reports to Congress relative to loan commitments and arrangements entered into under the act	81
5.	Repayments on U.S. loans to date (statement of the AID)	82
6.	Price stabilization through international commodity agreements (statement of the executive branch)	83
7.	Land tenure and land taxation in Latin America (statement of the executive branch)	89
8.	Letter from the Department of State to Senator Fulbright concerning expropriation of U.S. private investments, with attachment "Major instances of expropriation of property belonging to U.S. nationals since World War II"	91

Calendar No. 1495

87TH CONGRESS, 2d Session | SENATE | REPORT No. 1535

THE FOREIGN ASSISTANCE ACT OF 1962

MAY 28 (legislative day, MAY 25, 1962).—Ordered to be printed

Mr. MANSFIELD (for Mr. FULBRIGHT), from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany S. 2996]

The Committee on Foreign Relations, having had under consideration the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, reports the same favorably with amendments and recommends that it do pass.

1. MAIN PURPOSE OF THE BILL

The main purpose of the bill is to authorize appropriations for those parts of the foreign assistance program which remain on an annual basis. For fiscal year 1963, these are development grants, investment guaranties, investment surveys, international organizations and programs, supporting assistance, contingency fund, and administrative expenses. For these purposes, the bill authorizes total appropriations for fiscal year 1963 of not to exceed $1,308.9 million.[1] In addition, the Alliance for Progress is authorized appropriations of $3 billion over a 4-year period, starting with $600 million for fiscal year 1963.

2. WHAT THE BILL PROVIDES

The following table compares the executive branch's authorization and appropriation requests for fiscal year 1963 with the appropriations authorized by the committee in the bill, and the fiscal year 1962 appropriation:

[1] A series of tables illustrating U.S. foreign assistance by region and country—cumulative, fiscal year 1946 through 1961—may be found in appendix No. 1 to this report.

[In millions]

	Committee authorization	Administration authorization request	Appropriation request	Appropriation, fiscal year 1962 [3]
Development grants	$300.0	$335.0	$335.0	$296.5
Investment guarantees	100.0	100.0	100.0	0
Investment surveys	5.0	5.0	5.0	1.5
Alliance for Progress	[1] 3,000.0	[1] 3,000.0	600.0	0
International organizations	148.9	148.9	148.9	153.5
Supporting assistance	400.0	481.5	481.5	425.0
Contingency fund	300.0	400.0	400.0	275.0
Administrative expenses:				
AID	55.0	55.0	55.0	47.5
State	[2]	[2]	3.1	3.0
Development Loan Fund	[2]	[2]	1,250.0	1,112.5
Military assistance	[2]	[2]	1,500.0	1,600.0
Total	4,308.9	4,525.4	4,878.5	3,914.50

[1] Committee authorization provides that not to exceed $600 million may be appropriated for use beginning in fiscal year 1963, and not to exceed $800 million for use beginning in each of the fiscal years 1964 through 1966. Administration request did not contain the $800 million limitation.
[2] Authorization is now contained in the act.
[3] Plus certain unobligated balances.

In addition, the bill contains these major provisions:

1. There is added to the statement of policy for part I a declaration that it is the sense of Congress that support for the peaceful uses of atomic energy should be continued in furtherance of the purposes of the act. This provision is intended to make clear that programs for the peaceful uses of atomic energy will continue, despite the deletion of section 213 of the act, which had heretofore fixed a ceiling on grant funds for such programs.

2. The ceiling on the total face amount of specific risk guaranties that may be outstanding at any one time is raised from $1 billion to $1.3 billion. A similar ceiling on so-called all-risk guaranties is raised from $90 million to $180 million.

3. The ceiling on the total face amount of guaranties for housing projects in Latin America is raised from $10 million to $60 million.

4. There is added to the act a new title, VI, which authorizes development loans and grants for the Alliance for Progress. Thus, there will be a separate fund for development aid to Latin America.

5. The President is required to suspend assistance to any country in which a U.S. citizen has lost control or ownership of property as the result of expropriation or discriminatory treatment by the authorities, and if the government of that country has failed within 6 months to take appropriate steps to remedy the situation, or has failed to arrange for submission of the question to arbitration or conciliation under agreed procedures adequate to assure a full and equitable settlement within 12 months following such submission.

6. Aid to India in fiscal year 1963 is limited to a figure not to exceed the value of funds obligated or committed for such assistance during fiscal year 1962 under the Foreign Assistance Act and Public Law 480.

7. A new section provides that funds paid to the United States under an agreement concerning the settlement of postwar economic assistance to Japan may be used, subject to appropriations, for the purposes of the act.

8. The ceiling on the number of persons who may be appointed or removed by AID without regard to normal civil service requirements is raised from 76 to 125.

9. There is reinstituted a prohibition against the transfer of foreign aid program funds for administrative purposes.

10. The bill contains permanent authorizations for several refugee and migrant programs which have been carried in foreign aid legislation in previous years and which have been continued under temporary legislation during fiscal year 1962.

3. COMMITTEE ACTION

On March 13, the President sent to the Congress a message on foreign assistance (H. Doc. 362, 87th Cong., 2d sess.), and on the following day Senator Fulbright introduced by request S. 2996, to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The committee formally opened hearings on the bill on April 5, with the appearance of Secretary of State Dean Rusk. In all, the committee held 8 days of hearings in both public and executive session. These have been published in one volume, with deletions for security purposes, and are available to Members of the Senate and the general public.

Following Secretary Rusk, the committee heard testimony from Secretary of Defense, Robert S. McNamara; the Chairman of the Joint Chiefs of Staff, Gen. Lyman Lemnitzer; the Under Secretary of State, George W. Ball; the Administrator of the Agency for International Development (AID), Fowler Hamilton; and Deputy Administrators for AID, Frank M. Coffin and Walter L. Lingle, Jr. The following Assistant Secretaries of State testified before the committee: Harlan Cleveland, International Organization Affairs; W. Averell Harriman, Far Eastern Affairs; Edwin H. Martin, Inter-American Affairs; Phillips Talbot, Near Eastern and South Asian Affairs; G. Mennen Williams, African Affairs; as well as the Deputy Assistant Secretary of Defense for International Security Affairs, William P. Bundy. In addition, the committee heard testimony from the following Assistant Administrators of the Agency for International Development: William S. Gaud, Edmund C. Hutchinson, Seymour J. Janow, and Teodoro Moscoso. Other representatives from the Departments of State and Defense also testified.

In addition to the executive branch witnesses the committee heard testimony from Mr. William F. Luce, of Washington, D.C., and Mr. Alfred G. Mays, of Alexandria, Va., and representatives from the following organizations: National Council of Jewish Women; Cooperative League of the U.S.A.; National Council of Churches of Christ in the United States of America; National Congress of Parents and Teachers; Citizens Foreign Aid Committee; American Association of University Women; Citizens Committee for UNICEF; National Council on the Facts of Overpopulation; Aeromaritime, Inc.; Division of Peace and World Order, Board of Christian Social Concerns of the Methodist Church; Protestants and Other Americans United for Separation of Church and State; Jami'at al Islam, Inc.; Friends Committee on National Legislation, Religious Society of Friends; Legislative Services Division of the National Farmers Union; Chamber of Commerce of the United States; and League of Women Voters of the United States. On the whole, with only a few expressions of dissent, the nongovernmental testimony was predominantly favorable to the foreign assistance programs.

On April 30, the committee began marking up the bill in executive session. During this meeting and subsequent meetings on May 1, 2, 3, 10, 11, and 21 the committee went over the bill section by section, and on May 22, voted 14 to 3 to report the bill favorably as amended.

4. COMMITTEE COMMENTS

The foreign aid program, after a year of review and transition, has crossed the threshold of a new era. Abroad, it has been joined by and is being coordinated with similar efforts of other capital exporting nations. At home, the ponderous U.S. aid machinery has been overhauled, the course of the program changed.

These developments are clearly encouraging. That the time for rejoicing, or self-congratulation, is not yet at hand should be equally clear. While a few of our prosperous allies are providing assistance at levels proportionately as generous as our own, others offer far less, or impose more difficult terms and conditions. Furthermore, what the President, in his message to Congress of March 13, called the "turnaround" of foreign aid is still to be tested. The new program succeeds one that for more than a decade has served a vital purpose, but with flagging inspiration. Any success in attaining the broad objectives of the new aid program may be restricted to a relatively few countries and may be several years in the future. There remains a basic question whether the resources and techniques of the rich societies will be sufficient, even over the stretch of time, to overcome population pressures, illiteracy, poverty, the spasms of social upheaval, and the other barriers to progress in the poorer societies. The answer, of course, is that the rich societies must try. If the cold war were somehow concluded, the need for the northern part of the world to assist in the development of the southern part would remain undiminished.

Future historians are likely to date the new era of foreign aid from the formation of the Organization for Economic Cooperation and Development, which began its existence on October 1, 1961. A central purpose of the OECD is the expansion and coordination of the development assistance programs of its members. Thus, there was created within the OECD framework a committee of 10 nations, the Development Assistance Committee, composed of the United States, the United Kingdom, France, Germany, Italy, Belgium, the Netherlands, Canada, Portugal, and Japan.

Already, the Development Assistance Committee (DAC) is becoming the forum in which the donor countries and such multinational institutions as the International Bank for Reconstruction and Development (IBRD) meet and coordinate programs and priorities. Members have reached a significant agreement to conduct an annual review and confrontation of their individual aid programs. They have also agreed to establish teams to explore the aid requirements of certain recipient countries. It is likely that consortia will be formed under the auspices of the DAC to participate in the development plans of some countries.

In November, the OECD agreed on a collective target of 50-percent growth in real gross national product for its members during the period of 1960 to 1970. Although it has aroused little public comment, this agreement, among other important purposes, should enable some DAC members to argue that as the individual economies of members expand, individual aid programs should also expand.

These aid levels are generally rising. Taking into account grants, loans of more than 5 years, and contributions to international organizations, aid as a percentage of the GNP of DAC countries has risen from 0.36 percent in 1956 to 0.53 percent in 1960. The comparable U.S. figures for the same period show an increase from 0.51 to 0.59 percent.

Equally important, the donor countries are shifting to more generous terms and conditions in their lending programs. Before 1960, German loans, for example, were limited to 5 years and commercial interest rates. Germany is now making commercial type project loans for 10 to 15 years at 5½ percent, and extending loans for infrastructure projects for 12 to 20 years at between 2½ and 4½ percent. These may include grace periods of 3 to 5 years. Canada, Italy, and Japan are beginning to offer comparable terms and conditions, while Britain and France continue to emphasize grant programs.

Drawing upon the American experience, a number of the DAC members are establishing ministries or departments for administering their aid programs. This is the case with France, Germany, Britain, Belgium, and Canada. Japan is installing a bureau within its foreign office to manage aid policy.

On the private investment side, the Common Market Development Fund proposes to start an investment guarantee program. In addition, the German Government is planning a new development corporation which would make equity investments in less developed countries in partnership with private interests with the understanding that as each new enterprise became viable the Government's share would be sold. The Japanese have also adopted this technique in a program they call the Overseas Economic Cooperation Fund (which also includes loans).

Another significant decision of the DAC members was the agreement to establish a development center as an autonomous body under the Secretary General of the OECD. This will provide a meeting place where officials, scholars, and technicians from the donor countries can discuss development problems with comparable people from recipient countries.

BALANCE-OF-PAYMENT PROBLEM

The chronic deficit that the United States has been running in its international account has been of continuing interest and concern to the committee. Obviously, the aid program contributes to the pressure on the dollar. It should, however, be borne in mind that section 604 of the Foreign Assistance Act of 1961 has tightened the Government's offshore procurement policy. It authorizes the use of funds for offshore procurement only if the President determines that the advantages of such procurement will not be outweighed by adverse economic effects in the United States. It also provides that no commodities in bulk shall be purchased outside the United States at a price equal to, or higher than, the market price prevailing in the United States, adjusted for differences in quality, cost of transportation, and terms of payment.

The administration estimates that about 78 percent of the funds appropriated for fiscal year 1962 under title I of the aid appropriations act will be spent directly in the United States (this figure includes

military assistance). It further estimates that of the 27 percent of foreign economic assistance for fiscal year 1962 not expected to be spent directly in the United States, about 23 percent will be spent primarily in countries which are the beneficiaries of our aid (as distinct from the industrialized countries of West Europe and Japan).

An executive branch witness also observed that—

> the expanding role played by countries other than the United States in providing financial assistance is illustrated by the decreased dependence on the U.S. dollars in drawing from the International Monetary Fund (IMF). In 1961 drawings from the IMF were higher than in any previous year of the Fund's history. Even if the $1.5 billion drawing by the United Kingdom is excluded, the remaining drawings, which were made mostly by less developed countries, still exceeded the level of total drawings in any previous year. Despite such heavy use of IMF resources in 1961, drawings in U.S. dollars amounted to only 33 percent of total drawings. In 1960 dollar drawings amounted to 53 percent of all drawings. This increased use of currencies other than the U.S. dollar in IMF transactions has materially eased pressures on the U.S. balance of payments and represents a real and significant degree of international cooperation in providing financial assistance for stabilization purposes. The significance of this development can easily be obscured owing to the fact that the IMF, rather than individual countries acting separately, is the vehicle for providing this type of assistance.

DAC PROBLEMS

Obviously, the evolving situation is not one of unrelieved progress. There is a debit side. Some of the "have" countries are doing considerably less than they could and should. Coordination within the DAC has commenced, but actual coordination of aid programs in the field is negligible, and some of these programs are actually competitive. The DAC has reached some significant agreements. But its members have rejected other initiatives designed to expand and strengthen the general aid effort.

For example, the DAC members rejected a burden sharing formula proposed by the United States. The key element in this formula stipulated that 1 percent of the aggregate GNP of members would be devoted to the general aid effort. The formula also provided that aid flows should be made up of grants and loans with maturities of at least 15 years and either negligible or no interest rates; that these agreed aid levels should reflect only Government programs; that these should be given direction through coordination in the DAC. Had this formula been adopted, the annual DAC confrontation review procedure would have had considerably more meaning; each member's aid performance could have been measured against an agreed system of standards.

In summary, it may be said that the industrialized nations of the West, plus Japan, have barely started on this enormous joint enterprise that will occupy much of their effort and attention for a long time. But the start that has been made is a promising one. Less than 14 years after Marshall plan assistance began arriving in a

shattered Europe, the Europeans have themselves adopted foreign aid as a central instrument of foreign policy.

Appendix No. 2 to this report is an appraisal by the executive branch of the consortia that have been established to assist India and Pakistan. It is very likely that other consortia will be established for a number of countries that have recently elaborated long-term development plans. The committee is interested in the manner in which these groups function; how they divide the levels of their commitments; how the terms and conditions of these commitments are reached; and the degree to which the members are fulfilling their pledges.

CHANGED EMPHASIS IN FOREIGN AID

The so-called "turnaround" in the foreign aid program refers to a number of substantial shifts in the emphasis and direction of the program. Its thrust, for example, is the authority to make long-term commitments for development loans subject to congressional appropriations. Since the end of the Marshall plan, the United States has spent nearly $61 billion in foreign assistance of all kinds. Approved transactions under the Development Loan Fund accounted for about $2 billion, or less than 4 percent of this total. The President now has the authority to obligate $1.5 billion in development loans in each of the next 4 fiscal years. Loan activities in prior years never comprised more than about 25 percent of total economic assistance. Next year, development loans should comprise nearly half of the total. The loans are repayable only in dollars; terms and conditions, generally speaking, correspond to those offered by the International Development Association, or a ¾-percent fee, and a repayment schedule stretching over 40 or more years, with a 10-year grace period.

Closely related to the development loan program are the criteria that help to determine approval of the loans. Self-help, long-range planning, economic and social reform measures are all taken strictly into account as loan applications are reviewed and negotiations carried on.

The shift in emphasis to development loans has corresponded with a change in the other programs. Fewer funds are becoming available for the supporting assistance program (the grant program which joins together those forms of aid formerly known as defense support and special assistance); indeed, five countries stopped receiving supporting assistance in fiscal year 1962, and fiscal year 1963 should be the last year for Pakistan, Greece, Iran, and Afghanistan.

For some countries, especially those in the so-called predevelopment stage, the drying up of supporting assistance has meant a corresponding increase in the availability of development grants, the institution-building program which includes technical assistance. In Africa, for example, where most countries are in the predevelopment stage, supporting assistance was the largest category of aid in 1961; in 1962, it is estimated that development grants will exceed supporting assistance by $38 million, while in its 1963 African program the administration proposes to spend nearly four times as much on development grants as on the supporting assistance program. In Latin America, where the two programs are expected to amount to nearly the same figure

in fiscal year 1962, the administration plans to obligate $100 million on development grants in 1963 and $15 million on supporting assistance.

Another encouraging trend is toward greater concentration of effort. About one-half of the total regional and country aid this year will go to five countries. The committee was pleased to note that the money allocated to technical assistance in public administration in 1962 will be nearly twice the amount devoted to this purpose in 1961. The number of American technicians overseas involved in this activity has doubled, as has the number of foreign participants receiving training in public administration in the United States. The administration proposes still greater expansion of the program in 1963.

PUBLIC AUTHORITIES

And the committee was especially pleased to learn that AID officials are giving serious attention to the need for public authorities in a number of countries. It has been obvious for years that the purposes of our aid programs have in many cases been frustrated by the lack of trained administrators in recipient countries or by administrative conflicts arising from disruptive political patterns. The introduction of a public authority serves to detach a program from the politics of a country, as well as from burdensome bureaucratic procedures, thus allowing it to proceed under the careful direction of competent managers and technicians.

In some cases, these human resources will be available inside the recipient country. In others, they will have to be imported. This is a problem that may or may not be surmounted, depending, of course, on the degree of official receptivity to the public authority concept. Some countries have authorized large development programs under management contracts to competent foreign contractors. Ideally, such a contract should provide for the training of local personnel, who at some advanced stage will assume the management of the project in the form of a public authority.

A number of possibilities are available to a government seeking to introduce the public authority concept. The World Bank is very well suited to the role of cultivating public authorities. Its official guide, "World Bank Policies and Operations," states:

> In respect of a number of government projects, the Bank has asked that their operation be entrusted to a quasi-autonomous authority or in some other fashion be insulated so far as possible from political pressures and rigidities of Government administrative procedures. In a number of cases the Bank's help has been sought and given in the establishment and staffing of operating authorities of this sort.

In practice, the Bank normally insists upon the creation of an autonomous, or semi-autonomous, authority as a precondition to loans involving utilities, ports, water power-projects, etc.

The Development Assistance Committee of the OECD is expected to help organize aid consortia, and it, too, should be able to encourage a wider acceptance and use of the public authority concept. The West European countries—most notably, the European Economic Community—have used public authorities to excellent effect. The striking success of the European Coal and Steel Community, to cite just one example, provided the impetus for the Common Market itself.

Some of the private foundations might have a role in the development of overseas public authorities. In Latin America, there is an urgent need to concentrate maximum effort and resources on certain outstanding problems in a few countries whose fledgling democratic institutions are undergoing a severe trial. To achieve the necessary degree of concentration and dispatch, a device must be employed that will enable competent technicians, adequately compensated, to function effectively in such areas as housing and land reform. The evidence indicates that a number of Latin American countries are receptive to the public authority concept. Under proper circumstances, it would seem feasible for a private foundation to provide—and in some cases to compensate—the necessary managerial talent for a public authority. The Inter-American Development Bank can perform a comparable function. The executive branch, for its part, might consider adopting the World Bank's policy, and in appropriate cases insist on the establishment of a semiautonomous public authority as a precondition to Alliance for Progress loans.

CONCENTRATION OF AID EFFORT

The trend toward greater selectivity and concentration in our aid programs is a salutary development. It has been encouraged by the increasing use of the consortium as a means of concentrating resources in countries that are demonstrably capable of making effective use of these resources. Large U.S. commitments, such as those to India and Pakistan, in each case reflect the presence of a long-term development plan, one that is fully consonant with approved criteria and techniques such as those employed by the World Bank. The United States is encouraging and supporting the introduction of similar planning in other countries.

VARIATIONS IN POLITICAL SYSTEMS

In evaluating the various political regimes and systems that govern the less-developed countries, such terms as democracy and dictatorship must be employed with care. First of all, democracy as the West practices it exists in relatively few countries. A large proportion of the newer societies are not ready for it. In most of the very poor societies people want a reform of the social system. They want decent dwellings, jobs, a few acres of their own land, freedom from the landlord, from the usurer, from arbitrary arrest. At an even more basic level, many demand freedom from chronic poverty and hunger. They want action, progress. In most cases, they are unwilling to entrust these basic objectives to a parliamentary body symbolizing an essentially alien institution. Instead they are more inclined to identify their hopes with the vigor and appeal of a single leader. In some instances, such confidence is borne out, while in others it is not. Some of the world's authoritarian leaders may be said to have a popular mandate, even though it has never been tested at the polls. In other cases, the confidence of the people in a "maximum" leader has been violated, with tyranny the consequence.

We are learning that democracy, which in the West evolved over a period of hundreds of years, cannot or does not take root quickly

in the soil of unfamiliar cultures. But it is equally true that as poor societies become somewhat better off, as the illiterate become literate and the weak strong, the pressure for more permissive systems of government will grow. We frequently assert, with considerable justice, that the United States does not intervene in the affairs of other countries; that our foreign assistance is free of political strings. Yet it must be recognized that the act of providing assistance is of itself a kind of intervention. Aid programs have a distinct effect upon a recipient country's economy, as well as an effect, either immediate or eventual, upon its social and political system. The statutory criteria which to a considerable extent shape our aid program inevitably must affect all the levels of society. (Example: "The extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures.")

From the recognition of this fundamental truth there emerges an equally fundamental question. What is the test of whether a given country should receive aid? If progress toward self-government, or a more permissive society, is not the test, what then is the test? Stability? Anticommunism? Obviously, these are objectives that are central to our foreign policy. But do they, by themselves, justify aid programs in various countries?

This question can only be answered on a country-by-country basis, against the background of conditions in a given country. In the name of stability and anticommunism, the United States has provided aid that in some cases has accomplished little more than strengthening the hand of anachronistic and corrupted regimes. On the other hand, some of these are located on the periphery of the Sino-Soviet empire, and however benighted their ruling bodies may be, the continued independence of such societies clearly serves the interests of the non-Communist world.

In elaborating its policy toward a number of less developed countries, the United States must decide whether its primary concern is the present or the future. In some cases, the present must be the primary concern, so as to assure a future that contains reasonable hope and promise. In other cases, time is running out and the future is already at hand, waiting to be dealt with.

The hard realities vary from country to country, and it is not easy to elaborate a consistent philosophy upon which to base the foreign aid program. But a broad logic does provide a framework for the program. There is first the political purpose, which dictates economic and, in some cases, military aid to countries subjected to Communist subversion and intimidation. Second, with our aid programs we seek to help the changing societies develop institutions that will be compatible with those of other free societies and which will foster durable progress at all levels. And there is, of course, the moral purpose inherent in the program.

Democracy is, of course, one of these institutions. But most of the changing societies will pause at several way stations before settling comfortably into a genuinely democratic system. In the meantime, the United States must encourage and support governments, which if not legitimized in free elections, nevertheless reflect the needs and the aspirations of these societies.

SINO-SOVIET AID

Any careful consideration of the aid program must take into account one of the basic developments of recent years—that is, the steady widening by the Sino-Soviet bloc of the range of challenge to the West. This applies at every level—political, military, and economic. And it applies as well to Latin America, for example, as to Europe. It is clear that the bloc has undergone serious economic reverses. Yet neither the Soviet Union nor China shows any sign yet of trimming its foreign policy commitments in consequence. The committee asked for and received some useful information from the executive branch regarding bloc assistance. This includes a table of grants and credits extended to less-developed countries which appears as appendix 3 to this report. A statement called "Sino-Soviet Bloc Aid: Myths and Facts" appears on page 266 of the printed hearings.

YUGOSLAVIA

In the past year, the committee has received a number of complaints regarding aid to Yugoslavia. In the heat of a moment, it is easy to lose sight of the purpose and significance of this aid. First of all, since the time of the break with Moscow in 1948, the United States has assisted Yugoslavaia to avoid domination by the Sino-Soviet bloc. Grant military aid was halted 3 years ago. Economic aid has continued, largely in the form of development loans and sales of surplus agricultural commodities. The decision to support Yugoslavia has been taken by three Presidents and every Secretary of State who has served under them. Among other considerations, the interest of the United States is clearly served by the example of a former member of the Sino-Soviet bloc making progress while following a generally independent line.

The fact is that with foreign assistance, Yugoslavia has maintained high levels of investment and an annual growth rate of over 10 percent—higher than any Soviet bloc country. Politically, it is a Communist state following a foreign policy based on nonalinement. About 70 percent of its trade is with the West, less than one-third with the Communist bloc. Its chief trading partners are West Germany and Italy. It is a member of the International Monetary Fund and the World Bank. It has associate member status in the General Agreement on Trade and Tariffs and the OECD (having had similar status in the predecessor organization, the OEEC). About 1 year ago, Yugoslavia applied for a similar arrangement with the Council for Economic Mutual Assistance, the economic organization of the Warsaw Pact countries. This application was rejected.

NATO PROBLEMS

The consideration of the aid bill is not a convenient time for evaluating the operational and structural adequacy of the North Atlantic Treaty Organization, although a substantial share of the military asistance program is directed to NATO purposes. Last year, the executive branch sought a permanent open-end authority for military assistance, with appropriations of such sums as the President might need, and these to remain available until expended. The committee

felt that this authority was far too broad, and that in any case it should continue to exercise some jurisdiction over the program.

A fair appraisal of NATO tends to support the committee's position. The world has changed a great deal since NATO's birth, but NATO has not changed with it. At present, the Organization is not sufficiently geared to the requirements of the alliance. On both sides of the Atlantic there is an understandably compelling interest, if not fascination, in the expanding economic interdependence of the Atlantic Community. However, the political and military relationships of NATO members are failing to evolve and are lagging well behind these rapidly maturing economic relationships. And it is doubtful that the robust economic health of the alliance can be sustained in the long run if political and military relationships remain in disarray. As an example of disarray, a recent report on NATO's ills by Mr. Alistair Buchan, Director of the Institute for Strategic Studies in London, said:

> It was * * * a rude shock to discover that virtually no international staff work had been done on the Berlin problem between the ending of the 1958–59 crisis and the recrudescence of the Soviet threat to Berlin in the spring of 1961.[3]

This report is not the place for a recitation of NATO's deficiencies. Enough to say that they are painfully visible. With Britain and other NATO members preparing to join the European Economic Community, it would seem a propitious moment for the United States, the undisputed leader of NATO, to inspire whatever policy and structural alterations the changing circumstances may require. Failure to do so may deepen the division between Washington and other NATO capitals on such critical questions as nuclear weapons, arms control, and Berlin. The committee intends to review the scope and complexity of the NATO problem, as well as the manner in which the executive branch is coping with it.

5. SUBSTANTIVE PROVISIONS OF THE BILL

PART I

CHAPTER 2. DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

In the past year, U.S. efforts to encourage economic growth in other countries have shifted to a primary reliance on development loans repayable in dollars. In the Far East, development loan obligations amounted to $46.2 million in 1961. It is estimated that 1962 loan commitments will total about $112 million, while the lending level for 1963 is expected to range between $200 and $280 million.

For the Near East and South Asia, development lending obligations amounted to $377.5 million in 1961. Authorized loans plus loan commitments should total $634.1 in 1962, and the recommended range for 1963 loans is $850 to $950 million.

Development lending obligations in Africa amounted to $53.3 million in 1961, and may reach a level of $150 million in 1962. The proposed lending range for 1963 is $200 to $280 million. The de-

[3] Alistair Buchan, "The Evolution of NATO," Adelphi Papers No. 1, The Institute for Strategic Studies, p. 14.

velopment lending figures for Latin America are discussed in a section of this report dealing with the special authorization for the Alliance for Progress.

Last year, the Congress authorized a 5-year development lending program subject to annual appropriations. For fiscal year 1962, the authorization was $1.2 billion. If current estimates are borne out, all of the appropriated funds ($1,112,500,000) will have been committed in that fiscal year.

The authorization for each of the fiscal years 1963–66 was $1.5 billion; the $87.5 million unappropriated balance of the 1962 authorization raises the authority available for 1963 to $1,587.5 million. The executive branch is requesting for fiscal year 1963 an appropriation of $1,250 million for development loans under this title. This is more than $300 million beneath the existing authority. However, when there is added to this figure the $600 million that is being sought for development lending under the Alliance for Progress (of which not to exceed $100 million may be used for grants), the full amount for which appropriations for loans will be requested totals $1.850 million.

LONG-RANGE PLANS AND PROGRAMS

The committee strongly approves the shift in emphasis to dollar repayable development loans, the more so because these loan commitments are contingent upon long-term development plans and other domestic programs designed to foster economic, political, and social progress in the recipient countries. The committee believes that this program should have wide scope and flexibility. Thus, the committee supports the additional lending authority contained in the bill.

The committee further believes that the experience gained over the past several months in administering the new loan program represents a strong and promising beginning. The continuity inherent in the program has encouraged a number of countries to commit themselves to realistic development programs. Without some reasonable assurance that the foreign exchange requirements for such programs would be met, a number of countries could not—others would not—make such commitments. The point is that the interest of the United States clearly lies in these commitments to orderly progress that several of the key less developed countries are making.

It is presently estimated that half of the development loan funds that will be obligated next year will go to four countries—India, Pakistan, Brazil, and Argentina.[4] About 60 percent will go to six countries, the other two being Nigeria and Turkey. This reflects the trend to concentration of effort that committee members and numerous critics of foreign aid programs have advocated for some time.

Both India and Pakistan have experience with long-range planning; their development plans conform to the standard techniques and criteria generally required by the World Bank. Similarly, Iran and Turkey are completing comprehensive long-range plans, which may be supported by consortia arrangements—under the auspices of the World Bank in the case of Iran, and the OECD's Development Assistance Committee in the case of Turkey. Argentina and Brazil have not yet developed comprehensive plans, but in each country

[4] App. No. 4 to this report is a letter from the AID Administrator to Senator Fulbright outlining the Agency's intention to provide more thorough reporting to Congress of loan commitments and arrangements entered into under the act.

planning has reached the stage where goals can be identified and the related capital projects defined.

In Africa, Nigeria, Tunisia, and Tanganyika have developed comprehensive long-term plans. The United States has committed a total of $225 million in support of Nigeria's 6-year plan, and $10 million for Tanganyika's 3-year plan. The Tunisian plan is currently in an advanced stage of review.

Nigeria plans to finance all of the recurrent expenses and 50 percent of the capital costs of its new development plan. Budget savings are being made in a number of ways, including reduced salaries, allowances, and leave periods for government officials. Tunisia is attacking its chronic unemployment and underemployment through a labor intensive development program, which is supported in part with grants of surplus U.S. wheat used for wages and other costs. The program has put to work over 170,000 unemployed on hundreds of projects, including land clearance, reforestation, terracing, and road construction. Tunisia and the AID are now cooperating on plans to integrate this program into the country's national development plan. Tunisia plans to finance half of its total investment through domestic savings.

The AID has not made any longrun commitments under the authority of this title to countries in the Far East. Korea, the Republic of China, the Philippines, and Thailand are developing long-range plans with the help of the AID, the World Bank and other sources of outside assistance. It is possible that any of these countries may at some point qualify for long-term commitments, although none is presently expected to qualify during fiscal year 1963.

PROGRAM PROCEDURES

The AID makes the point that the country programing standards have had a salutary affect on loan procedures. For example, the Agency says that financing—

> is no longer made available on a first-come-first-serve basis, and governments are discouraged from making proposals directly to offices in Washington. Rather, the central point for initiating action is the U.S. Aid Mission overseas.

The committee is hopeful that this procedure will be scrupulously observed.

After applications are evaluated in the field and transmitted to Washington, they are promptly referred to an AID-Export-Import Bank Coordination Committee. Any application that the Bank is willing to consider is immediately transferred to it.

The direct relationship between development loans and self-help measures is achieved in a number of ways. For instance, some loans have been scheduled in installments, with each installment conditioned upon substantial progress by the recipient country in carrying out agreed domestic programs. Also, the committee was told that whereas in the past capital projects have been financed partly by development loans and partly by grants, the general policy now in effect requires financing of large capital projects, including those in the educational and health fields, with long-term development loans.

Section 601(b)(4) of the act stresses the need to strengthen the private sectors of the economies of developing countries. The com-

mittee has drawn some encouragement from the creation of the new Office of Development Finance and Private Enterprise, which should give additional emphasis to projects directed toward private enterprises. In planning development loan programs in various countries, the executive branch should make an impartial assessment of the public and private sectors, and should be guided in making loan agreements by the relative absorptive capacities of these sectors, as well as by the regular development lending criteria.

LOAN REPAYMENTS

The committee believes that a review of the repayment history of loans in all forms extended by the United States in recent years should be reassuring to those who may harbor the impression that some of these dollar repayable loans are actually disguised grants. Appendix No. 5 to this report consists of a statement and a table reporting the amounts and the repayments of loans extending under U.S. assistance programs going back to 1948.

In addition, the following short table illustrates the loan repayment history of the Development Loan Fund, the Export-Import Bank, and the World Bank:

History of loan repayments to June 30, 1961 (Development Loan Fund, Export-Import Bank, International Bank for Reconstruction and Development)

Lending institution	Amount loaned	Repayments to June 30, 1961
Development Loan Fund	$2 billion (approved) ($542 million disbursed).	$42 million [1] ($24 million against principal; $18 million against interest).
Export-Import Bank	$12 billion (authorized) ($7.8 billion disbursed).	$5.6 billion [2] ($4.4 billion against principal; $1.2 billion against interest).
International Bank for Reconstruction and Development.	$6 billion ($4.3 billion disbursed)	$1.787 billion [3] ($850 million against principal and $937 million against interest).

DELINQUENCIES

[1] Development Loan Fund—In its first 4 years of operation semiannual installments temporarily delinquent on only 4 loans in the amounts of $89,000 on principal and $7,000 on interest

[2] Export-Import Bank—In 28 years of operation, $4 million (about $\frac{1}{20}$ of 1 percent of amount loaned) written off as actual losses and $23.4 million of principal and interest installments (about $\frac{3}{10}$ of 1 percent of amount loaned) were overdue as of June 30, 1961. Delinquent loans fall into 2 categories: (*a*) Loans in protracted default—9 loans with total amount overdue of $16.3 million—of which $8.9 million due on principal and $7.4 million due on interest. (*b*) Loans delinquent because of temporary business or foreign exchange delays—69 loans with installments in principal and payments of interest due in amount of $7.1 million.

[3] International Bank for Reconstruction and Development—No defaults during entire 15 years of operation.

TITLE II—DEVELOPMENT GRANTS

The committee bill authorizes $300 million in development grants, $35 million less than the President requested and $80 million less than the sum authorized for this program last year. The funds are authorized to remain available until expended, as was the case with the 1962 authorization for this program.

Development grants are used to finance technical assistance and other programs designed to raise the educational, technical, managerial, and professional levels of developing societies. They are used to improve the institutional framework of these societies; to relate a country's human and material resources to its development problems through surveys and research; to assist in the creation of comprehensive long term plans, as well as other predevelopment programs.

The committee understands that the areas of education, public administration, health, and agriculture bear a special emphasis under this program. And in extending development grants, the President is directed to take into account several criteria that are similar to those contained in the development loan authority.

Development grants, on a limited basis, may be extended to regional organizations, in addition to the funds available for such programs under chapter 3. Therefore, section 211(a), the general authority for development grants, is amended by striking out the words "In so doing" in the second sentence and substituting "In furnishing assistance to countries and areas under this title." The purpose of the change is to relieve the President from the obligation to apply the normal development grant criteria to multilateral programs. The committee assumes that contributions will be made to such programs only if the executive branch is reasonably confident that the funds will be administered in a manner consistent with the criteria; but the committee agress that it would be inappropriate for the United States to attempt to impose its own formalized standards upon activities in which it participates with other donor countries.

Another amendment strikes out section 213 of the act, which authorizes the use of development grant funds to promote the peaceful uses of atomic energy outside the United States. This section is actually unnecessary. Funds to support reactor programs can be drawn from the authority contained in chapter 3, which provides $1.25 million to the International Atomic Energy Agency; reactor programs do not in most cases conform to the development grant criteria. Other programs in this area which do conform to the criteria can still be supported with development grants. Moreover, the bill adds language to the statement of policy, expressing the sense of Congress that programs under the act encouraging the peaceful uses of atomic energy should be continued.

GRANTS IN AFRICA

For 1963, development grant programs in 23 African countries probably will total about $118 million,[5] considerably more than is being planned for any other region and about $18 million above the estimated 1962 African program. The largest part of the increase is expected to go to Nigeria, Tunisia, and Liberia. The need for this kind of aid in Africa is general. The limitations imposed by the lack of educational services, technical and administrative resources, efficient agricultural techniques, plus other deficiencies will hold back appreciable progress in a great many African countries for an indefinite period. Only the vigorous efforts of Africans, supported by training and institution building programs conducted by the wealthier societies, will enable these countries to emerge from the predevelopment stage.

[5] The New York Times, Apr. 15, 1962:
"The Soviet Union displayed uneasiness today about the broadening U.S. program of aid to and cultural exchanges with Africa.
"Louis Armstrong, the jazz musician, was cited by Pravda, the newspaper of the Communist Party, as an example of a U.S. instrument for imperialist penetration of the young African States.
"Pravda devoted one-third of a page to an article warning against the 'shadow of the dollar over Africa' as the Kennedy administration sought congressional approval of its Foreign Assistance Act of 1962.
"The article surprised some diplomats of Western and nonalined nations because it denounced features of the U.S. program that have been welcomed in African countries as largely nonpolitical.
"Among the activities defined by Pravda as sinister were economic and technical aid, education of African students in the United States, and a training program for trade union leaders instituted last year by the American Federation of Labor-Congress of Industrial Organization."

GRANTS IN NEAR EAST AND SOUTH ASIA

Development grants totaling $78.1 million are proposed for Near East and South Asian countries in 1963. This would be an increase of $14.6 million over 1962. Development grant programs are being terminated in Greece, Israel, and Lebanon, but in Cyprus and Syria new programs are beginning. Moreover, the level of development grant assistance is being increased in six countries in this region, including Egypt, Nepal, Pakistan, and Turkey. The largest increase is planned for Afghanistan, and results primarily from transferring to the development grant program a number of projects that have been financed from supporting assistance funds. The program there is conditioned on the resumption of normal transit through Pakistan.

GRANTS IN FAR EAST

In the Far East, the proposed development grant program for 1963 is $75 million, about $5 million more than the estimate for the 1962 program. The increase is primarily due to the expanding requirements of the program in Vietnam. (Development grants for Latin America will be authorized this year, along with development loans, under title VI, the Alliance for Progress fund, which is added to the act by this bill.)

TECHNICAL ASSISTANCE

The largest part of the $300 million authorized for this year's program will be used to carry forward technical assistance programs that have been underway for some time. The estimate is that $54 million will be required to support programs begun in 1962, and those planned for 1963. The executive branch witnesses testified that this year the missions were required to evaluate each technical assistance program in terms of its priority, its coordination with other development efforts, and the ability of the country to carry on a program alone or with assistance from sources other than the AID. Peripheral programs were to be dropped and the remaining programs were to be reoriented so as to qualify under the new AID criteria. Continuing programs either conform to the new criteria without change or have been reoriented so as to conform.

As a result of this evaluation, a number of programs are being terminated. Some in the areas of public health, housing sanitation, and water supply are being turned over to host governments. Multilateral organizations such as the World Health Organization and Inter-American Development Bank are assuming responsibility for other programs. Still others are being closed down because neither the host governments nor multilateral organizations attach a high priority to their continuance.

In providing technical assistance under the act, the executive branch is required by section 621(a) to—

> utilize, to the fullest extent practicable, the facilities and resources of the Federal agency or agencies with primary responsibilities for domestic programs in such fields.

To date, no new memoranda of agreement have been written between AID and the domestic agencies, nor are any new memoranda close to completion. The Committee urges AID to seek closer relationships and greater cooperation with the domestic agencies. They are strongly qualified to help recruit skilled personnel for oversea assign-

ments, to provide support and guidance to oversea missions, to train foreign nationals in the United States, and otherwise to help AID in such areas as education, health, labor, agriculture, and housing.

TITLE III—INVESTMENT GUARANTIES

The bill makes a few changes in this title, all of them involving amounts. The present $1 billion ceiling on the total face amount of outstanding guaranties is increased to $1.3 billion. The ceiling of $90 million on so-called all-risk guaranties is raised to $180 million.

A new subsection authorizes appropriations of $100 million to add to the reserve against investment guaranties issued, the funds to remain available until expended. This is related to the request for higher ceilings. Under the formula that has been employed in recent years, the program is supported by a reserve amounting to 25 percent of the face amount of outstanding guaranties. Since 1948, when it was first established, the investment guaranty program has been funded by the issuance of Treasury notes; but this note issuing authority is now exhausted.

The ceiling of $10 million on the housing guaranty program in Latin America is raised to $60 million. The Congress added this special authority to the bill last year, and the committee believes that it should have additional scope. Low- and medium low-cost housing is among the most urgent of consumer needs in Latin America.

Last year, the committee broadened the authority to issue investment guaranties. First, losses due to revolution or insurrection were added to specified risks against which guaranties could be made (inconvertibility, expropriation or confiscation, and war). Second, authority of up to $90 million in face amount became available to guarantee both equity and loan investments against unspecified, or normal business risks. This all-risk authority, as it is called, is designed to attract private capital to areas where chronic instability, combined with strongly nationalistic attitudes and administrative inexperience, serves to discourage investment. All-risk guaranties may not exceed 75 percent of possible loss and are limited in amount to $10 million for any single investment. These guaranties shall "emphasize economic development projects furthering social progress and the development of small independent business enterprises."

The committee has been an advocate of the investment guaranty program since its inception in 1948. The rate of development in a number of countries depends to a considerable extent on the rate of capital formation. Much of the capital that these societies will require in the years ahead will have to come from the private sector.

At present, the rate of applications for guaranties is about 40 percent higher than 1 year ago. A number of requests for guaranties in the all-risk category have been received, but as of the date of this report none has yet been approved. The same is true of the housing guaranty program for Latin America. Criteria are being developed for screening applications for these broad guaranties.

The face amount of guaranties which may be outstanding at any one time is limited not only by statutory ceilings but also by the reserves. The rapid acceptance of the guaranty program coupled with a recent significant pickup in private investor interest

in Latin America, the Near East, and India dictates an increase in ceilings and reserves. There are currently on hand 625 applications for $2.3 billion of specific risk coverage, while unobligated capital reserves are in the vicinity of $35 million.

Guaranties are issued only if the country in which the investment is made has entered into a general agreement with the U.S. Government. The record of the guaranty program is a reassuring one. So far, 58 countries have undertaken agreements with the United States and 509 investment guaranty contracts have been written in the amount of $767.8 million. Only one of these guaranties became a valid claim against the Government—a $10,000 loss in the Congo, of which $8,000 was recovered.

No claims are pending.

TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

This is a new program, introduced last year. It authorizes a fund of $5 million to finance up to 50 percent of the cost on investment surveys and studies in less developed areas. The funds will remain available until expended.

The executive branch reports a lively interest from the business community in this new authority, and while no contracts have as yet been signed, the expectation is that "a growing volume of surveys will be undertaken" once the procedures are fully understood.

In the past, survey agreements have been made only with organizations that could not benefit directly because they were excluded from consideration for any contracts that might result from the survey. Moreover, public bidding procedures have normally determined the awarding of survey contracts. The authority under this title enables the Government to encourage and support the initiative of a private concern interested not only in surveying an investment possiblity in some less developed area, but in putting its money into the project if the survey indicates favorable prospects.

The committee is hopeful that the investment survey program will eventually have a broadening effect on the participation by private enterprise in the development of the poorer regions and countries.

TITLE V—DEVELOPMENT RESEARCH

The President's authority to use funds available for part I for development research is continued. This program was introduced last year. The estimate is that research projects planned for fiscal year 1962 will amount to $6 million. These deal in the main with research on the problem of shortage of power at the local level; the development of planning and planning assistance criteria; and research to improve land reform programs.

In fiscal year 1963, the executive branch intends to obligate about $20 million on an estimated 50 projects in 10 areas of research. According to testimony before the committee these include: Development of special teaching techniques to offset teacher shortages; agricultural development planning; the role of cooperatives in development assistance; encouragement of small industry through industrial research institutes; and the use of indigenous materials and improved structural designs for low-cost construction.

The committee supports this development research program. In approving it last year, the committee report observed that—

> more than 9 percent of the Federal budget is spent on research and development. It would seem highly advisable to expose the complicated and difficult problems of the less developed areas to the formidable talents of the American research community.

Expansion of the program

The committee further approves the expansion of this still modest program to the level contemplated for 1963. Some members were interested to know whether the program would include projects designed to relate cultural and historical patterns in particular areas to the problems of development. The executive branch appears to recognize the need for such research; one witness told the committee:

> Development involves change from a traditional society to a modern society. Development plans must be based on scientifically derived knowledge of existing cultural patterns and dynamics of the country if they are to be realistic and practicable. The extent to which the methods used for inducing change are based on the dynamic factors in a culture will, to a great extent, determine the degree of success attainable in implementing the development plans.

The committee also heard that several mission directors have requested anthropologists to assist in evaluating the effectiveness of planning and carrying out the various assistance programs. Examples cited were Indonesia, Pakistan, South Vietnam, Thailand, and northeast Brazil.

TITLE VI—ALLIANCE FOR PROGRESS

This is a new title. It provides separate authority for development assistance under the Alliance for Progress, thus underlining the special significance that the United States attaches to inter-American relationships. The "unique" character of these relationships is defined in section 251, which also authorizes the President—

> to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

The committee tightened section 252, the provision authorizing funds for the Alliance for Progress. The executive branch bill authorized $600 million for fiscal year 1963 and $2,400 million for the period fiscal years 1964–66 without specifying how much each year. The committee bill authorizes the appropriation of $600 million for fiscal year 1963 and $800 million for each of the succeeding 3 years. These funds are available only for loans repayable in dollars, except that for fiscal year 1963 not to exceed $100 million may be used for loans repayable in foreign currency or for grants for such purposes as technical assistance. Any requests for the use of these funds for other than dollar loans beyond fiscal year 1963 will be reviewed by the committee annually. Funds to cover short-term economic problems in Latin America must be drawn from the supporting assistance account, or the contingency fund.

The criteria that will apply to assistance (to countries and areas but not regional organizations) under this title are essentially the same as those that apply to the development loan and development grant authorities. "Assistance * * * shall be directed toward the development of human as well as economic resources." The President is directed to take into account:

> (1) the principles of the Act of Bogotá and the Charter of Punta del Este, and in particular the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives; and (4) the possible effects upon the U.S. economy, with special reference to areas of substantial labor surplus of the assistance involved.

Other requirements presently applicable to the development loan program will become applicable to loans under this title: The President must take into account whether financing could be obtained from other free world sources; interest rates must not be "excessive or unreasonable"; the President may make long-term commitments of funds, subject to their annual appropriation; the President must notify the appropriate congressional committees of such long-term agreements; under the President's direction, standards and criteria for loans shall be established by the Development Loan Committee.

The authority of section 614(a), which allows the President to furnish assistance of up to $250 million without regard to the requirements of the statute and related legislation, may not be used to waive the requirements of this title with regard to funds which can only be used for dollar repayable loans. The transfer authority of section 610 may be used to transfer funds available only for loans under this title to the development loan account, but not to any other.

The President is directed to assist in fostering "agrarian reform" programs in Latin America, whenever such assistance is requested by friendly governments and assuming the circumstances are appropriate. The language of this provision derives from section 618 of the act, which is repealed by the bill.

GOALS AND PROSPECTS

The Alliance for Progress is scarcely more than a year old. Its goals and purposes were set forth in the Charter of Punta del Este, signed last August. They include a minimum rate of economic growth of 2.5 percent per capita; a more equitable distribution of national income; economic diversification; the elimination of adult illiteracy by 1970 and the provision of at least 6 years of schooling for each child; the substantial improvement of health conditions; the increase of low-cost housing; and progress toward economic integration.

The fulfillment of these goals in any appreciable degree in this decade will require prodigious joint efforts, the allocation of con-

sistently high levels of resources, and a number of painful social adjustments in several Latin American countries.

The rate or degree of progress that has been achieved to date would be difficult to assess with precision. A very great deal has been said in behalf of this program, and performance has inevitably lagged behind rhetoric. This is regrettable, if unavoidable, and has led to misunderstandings and disappointment. A blend of impatience and high hope has been created at every level. What needs to be realized is that progress in the main in Latin America will be achieved gradually. The prevailing economics of the area, its anachronistic social patterns and political instability together will prevent dramatic leaps forward in most countries. Yet there is an urgent need for dramatic breakthroughs in a few countries, if only to show the hemisphere what can be done under this program and to encourage all the participants.

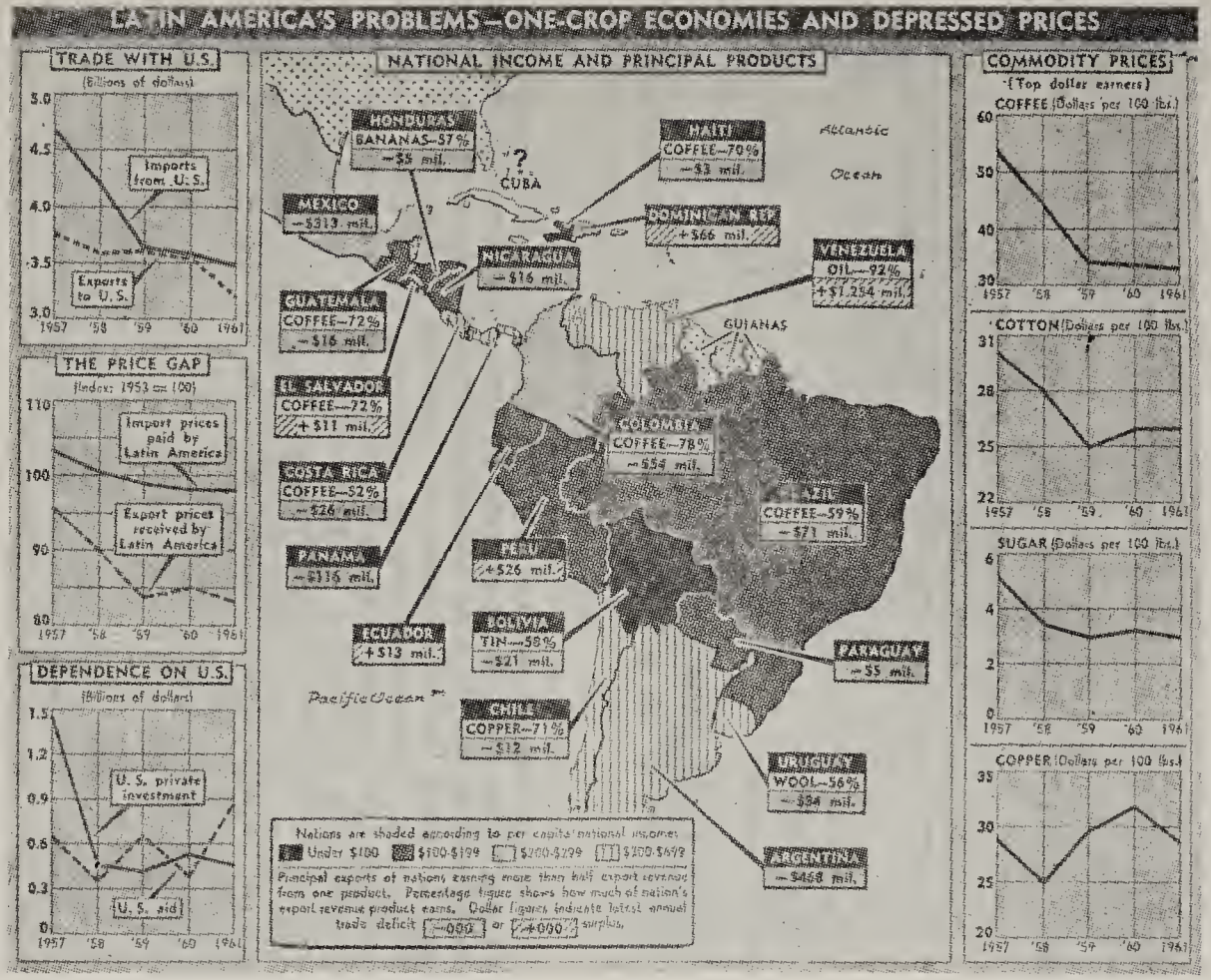
The AID reports "good progress" in establishing its organizational base, both in Washington and the field, for the Alliance for Progress. The Agency also points out that the U.S. commitment of $1 billion in aid from March 1961 to March 1962 was fulfilled in the first 12 months after the program was announced. An AID official conceded that—

> from a technical standpoint, a large part of this billion dollars was not used directly for development, but for budget support and balance-of-payments loans. This kind of support, however, is directly related to development and is a necessary prerequisite. In many cases, it has meant the preservation of moderate governments which will, if given a chance, work toward the goals of the Alliance.

Economic and social progress are quite clearly dependent on political and fiscal stability. If the program is to succeed, however, it must at some reasonably early stage begin to produce a steady decline in the need for budgetary and balance-of-payments support and a corresponding increase in the level of development assistance resources that can be usefully absorbed.

Meanwhile, the decline in Latin American exports has added to the economic burden. A number of countries are heavily dependent on one or two exports. A fluctuation in the world price for one of these exports can wipe away in an instant whatever progress that has been cultivated by external assistance. The committee sought to find out what is being done to stabilize the prices of these products through international commodity agreements and other devices. The executive branch submitted a detailed answer, which appears as appendix 6 to this report. The committee hopes that a start toward developing a common Western approach to the commodity problem will be made during the negotiations in Brussels over Britain's application for membership in the European Economic Community.

[From the New York Times, Apr. 29, 1962]



Reprinted by permission of the New York Times.

In 1961, inflation and balance-of-payments problems generally worsened in Latin America, particularly in Argentina, Brazil, Chile, and Colombia. Losses of foreign exchange due primarily to falling exports will dictate even higher levels of lending. However, most countries in Latin America already carry heavy annual debt service burdens, which, in some cases, will drain more than 20 percent of anticipated foreign exchange earnings. Quite a few of them will be compelled to negotiate additional loans for debt repayment. These loans should carry only a nominal service charge and a long repayment schedule.

The economic assistance programs for Latin America covering fiscal years 1961, 1962, and 1963 are as follows:

Economic assistance to Latin America

[In millions of dollars]

	Fiscal year 1961 (actual)	Fiscal year 1962 (estimated) [1]	Fiscal year 1963 (proposed)
Alliance for Progress:			
Grants	68.6	[2] 109.3	100.0
Loans	133.3	[3] 188.4	510.4
Supporting assistance	55.8	112.8	15.0

[1] Exclusive of special earthquake relief assistance to Chile.
[2] Including IAPSP funds.
[3] Loans approved as of Feb. 28, 1962. Excludes loans from the Inter-American Development Bank Trust Fund.

SELF-HELP PROGRAMS

Of greater long-run importance than the actual aid levels, of course, is the progress underway in tax reform, land tenure, economic planning, and related areas. In some countries there has been significant progress, in others limited progress, and negligible progress in still others. It is clearly important, however, that most of the Latin American countries have accepted the development planning concept and have created central planning organizations. Tax reforms have been adopted in Venezuela, Colombia, Uruguay, Panama, El Salvador, and Costa Rica. In some other countries, collection systems have improved, while in others adjustments of the tax system are required. Guatemala does not have a personal income tax.

Comprehensive long-range development plans have been completed by some countries, and others have similar plans in the drafting stage. In the past, poor planning has dissipated a good deal of investment. Recently, a panel of nine experts was established and attached to the Organization of American States (OAS) for the purpose of reviewing plans, and offering helpful guidance to Latin American governments. Following consideration by the panel, the recommended practice is submission of the plan for review by the World Bank, or the Inter-American Development Bank. Colombia, Chile, and Bolivia have already submitted long-range development plans to the panel of nine. The World Bank has completed its review of the Chile plan and has been giving intensive review to Colombia's.

In response to a committee request, the AID prepared a memorandum on land tenure and land taxation in Latin America. It appears as appendix No. 7 to this report.

In some eyes, the progress that has been made by the Latin Americans themselves may seem less than sufficient under the circumstances. The committee does not pretend to know whether more or less progress might reasonably have been expected in the first few months of this 10-year program. But it is certain that the program's ultimate success will require considerable patience and understanding from North, Central, and South Americans alike.

EXPROPRIATION

The committee was understandably concerned by the recent expropriation by a Brazilian State of an I.T. & T. Co. The administration provided the following information about the episode:

> *The controversy between the International Telephone & Telegraph Corp. and the State of Rio Grande do Sul, Brazil, is one of long standing. The company has been operating without a concession since 1953 and has been hard pressed to maintain or expand its operations because of the existing rate structure. Public utility rates in Rio Grande do Sul are set at a rate not exceeding a stipulated percentage of the company's capital investment and the State government has not permitted any significant change in rates since 1954.*
>
> *In 1959 the company approached the State government with an offer to invest $40 million in new facilities if it could obtain rate increases. This offer was not accepted and in 1960 the State government formed its own telephone company and requested I.T. & T. to participate. At that time I.T. & T.'s representative in Brazil and officials of the State of Rio Grande do Sul reached agreement on a valuation of the equivalent of $7.3 million for the property. However, this figure was not accepted by the Governor of the State who considered it too high, and by I.T. & T. which considered it too low. I.T. & T. also rejected participation in the proposed mixed company until terms of the proposed participation were made more clear. The long controversy culminated in the issuance on February 16, 1962, of a decree by the Governor expropriating all the property of I.T. & T. in the State of Rio Grande do Sul.*

The Secretary of State testified that the United States has had some "encouraging discussions" with the Brazilian Government about the problem of foreign-owned utilities. He said that certain utilities have suggested that—

> the Government of Brazil buy their utility holdings at a fair price; that the companies then be permitted to reinvest in other enterprises in Brazil, enterprises which are not tied to price-fixing arrangements and which can move and flow with the market.

This approach may provide the basis for a solution to the problem.

The committee adopted an amendment (sec. 620(e)) dealing with the general subject of expropriation; it is described on page 36 of the report. A letter from the Department of State to the Chairman dealing with the elements of the expropriation problem and its post-World War II history appears as appendix 8 in this report.

TREATIES

The committee is disappointed and perplexed by the fact that since 1945, when the Department of State undertook a program of modernizing treaties of friendship, commerce, and navigation, 17 such new treaties have come into force but only one of them, with Nicaragua, is with a Latin American nation. In view of increasing trade, investment and aid by the United States in Latin America, the committee believes such treaties would be mutually beneficial. The conjecture that sovereign sensitivity may account for the lack of Latin American interest in such treaties is hard to understand, since such nations as France, Iran, Japan, and Pakistan have concluded treaties of friendship, commerce and navigation recently. The committee welcomes the statement by the Department of State that—

> it is the Department's intention to endeavor to press forward with these [Treaty] projects and to make new proposals to other governments when favorable opportunities occur.

CHAPTER 3. INTERNATIONAL ORGANIZATIONS AND PROGRAMS

The bill authorizes appropriations of $148.9 million for the support of international organizations and programs. The authority is limited to voluntary contributions (assessed contributions are charged to Department of State appropriations), which are extended on a grant basis.

It is proposed to use the following amounts for the programs indicated:

(1) Contributions to the United Nations expanded program of technical assistance and the United Nations Special Fund, $50 million;

(2) United Nations Fund for the Congo, $34.3 million;

(3) United Nations Relief and Works Agency for Palestine Refugees, $17.2 million;

(4) United Nations Children's Fund, $12 million;

(5) United Nations Emergency Force, $1.32 million;

(6) International Atomic Energy Agency, $1.25 million;

(7) World Health Organization special programs, $0.5 million;

(8) North Atlantic Treaty Organization science program, $1.53 million;

(9) Indus waters, $30 million;

(10) Commission for Technical Cooperation in Africa, $0.6 million; and

(11) Asian productivity organizations, $0.2 million.

PALESTINE PROBLEM

The bill preserves the requirement that the President, in determining the advisability of continued support of the Palestine refugee program—

> shall take into account (1) whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees, and (2) the extent and success of efforts by the Agency and the Arab host governments to rectify the Palestine refugee relief rolls.

No discernible progress toward a settlement of the Palestine refugee question has been made, but the executive branch was able to report an improvement of the refugee relief rolls problem:

> *Largely as a result of our Government's strong urging, UNRWA, in cooperation with the Government of Jordan—since it is in Jordan that the problem is most acute—has tackled the problem of rectification of refugee ration rolls. After long negotiation and after consideration of the problem by a Jordanian parliamentary committee, UNRWA and the Jordanian Government have worked out a three-point program designed (a) to remove the names of dead refugees and substitute on a 1-for-1 basis the names of refugee children entitled to rations but not now inscribed on ration lists, (b) to prohibit trafficking in ration cards, and (c) to remove from the lists those refugees whose incomes no longer require that they receive relief assistance and to substitute genuine refugee hardship cases not now inscribed.*
>
> *During the 15 month period from October 15, 1960, through January 15, 1962, more than 16,000 persons were removed from the ration rolls in Jordan. Almost 12,000 of this number represented the voluntarily divulged names of deceased refugees, permitting the substitution of previously unrationed refugee children. The rate of rectification in Jordan has reached a figure as high as approximately 2,000 per month, the highest of any period since the inception of the refugee problem * * *. We are reasonably confident * * * that the rate of rectification in Jordan will accelerate further.*

The U.S. contribution to the Palestine refugee program is expected to amount to $24.7 million in the year ahead (a figure equal to the fiscal year 1962 level for this program). Of this sum, about $17.2 million is authorized under the bill; the balance will consist of $7.5 million in the form of Public Law 480, title II commodities. Of the $17.2 million U.S. grant, $1.7 million will be specifically earmarked for vocational training.

The committee regrets that pending a settlement of the Palestine refugee problem there seems to be no reasonable alternative to continued support of the U.N. program. It is unlikely that appreciable progress toward a settlement will be made soon, although some of the initial steps have been taken, and, as noted in the committee report of the Foreign Assistance Act of 1961—

> the general outlines of a possible solution are perceived by a growing number of people.

In the past year, Dr. Joseph Johnson, president of the Carnegie Endowment for International Peace, became a special representative of the Palestine Conciliation Commission. Dr. Johnson visited the Arab countries and Israel during August and September. In his report to the Commission in November, he noted that he had found among the leaders of the countries visited—

> a willingness—though with much reservation and skepticism—to consider a step-by-step process that might lead to progress on the refugee issue without prejudice to the positions of the respective governments on other related issues.

Dr. Johnson's report was subsequently considered in a thorough debate of the refugee question in the U.N. General Assembly. This led to the adoption (by a vote of 62–0 with 30 abstentions) of a resolution introduced by the United States calling upon the Palestine Conciliation Commission to intensify the efforts it has been undertaking.

Among the Palestine Conciliation Commission's principal functions are these:

(*a*) Seek to establish contacts between the parties (the Arab States and Israel and the Commission);

(*b*) Take steps to assist the governments and authorities concerned to achieve a final settlement of all questions outstanding between them; and

(*c*) Facilitate the repatriation, resettlement, and economic and social rehabilitation of the refugees and the payment of compensation.

The committee asked about the progress of the Palestine Conciliation Commission in evaluating refugee claims and received the following testimony:

> *The property work of the Palestine Conciliation Commission subdivides into two functions: Identification and valuation. As the result of intensive work carried on over the years in New York headquarters and in a suboffice in Jerusalem, identification of properties in Palestine owned by Arabs prior to the establishment of the State of Israel has been virtually completed. To date, some 450,000 land parcels have been identified which, in the Commission's words "must represent an overwhelming proportion of the total number of such properties." This represents a compact record of individual Arab landholdings in Israel as of 1948, to serve as a basis for verifying individual claims to ownership and, in turn, for valuation of those properties. As yet, no attempt has been made to distinguish between properties belonging to Arabs who are refugees and those who are not, this process being regarded as easier to undertake at such time as other factors permit the initiation of a procedure whereby refugees can come forward to submit claims for compensation. The Commission's work on the valuation of Arab properties, closely related to the identification thereof, as of November 29, 1947, is well advanced. The Commission has been directed by the General Assembly to make every effort to complete this role by September 1, 1962.*

MAJOR PROGRAMS

The largest contribution proposed under this chapter is $50 million to the United Nations' Expanded Technical Assistance Program (ETAP) and the Special Fund. Under this technical assistance program, technical experts and fellowships are offered to less developed countries, along with demonstration supplies and equipment. Such assistance is provided through specialized agencies of the United Nations, or the U.N. itself. The program is financed by voluntary contributions from more than 80 governments.

The Special Fund finances preinvestment projects, such as surveys of power, soil, and mineral resources, as well as the establishment of technical training centers. The projects are generally long term in

nature, and are carried out, wherever possible, on a regional instead of a country basis.

The U.N. General Assembly has set a combined annual goal of $150 million for the expanded technical assistance and special fund programs. It is proposed that the U.S. contribution be continued at a level amounting to 40 percent of total contributions. Contributions from other governments, based on recent experience, are expected to amount to $75 million in 1963, thus calling for a U.S. contribution of $50 million.

The next largest contribution is $34.3 million for support of the United Nations operations in the Congo. This is all economic assistance. It will become part of the U.N. Fund for the Congo. Proceeds from the sale of imports financed by these funds and by Public Law 480, title I sales will be used for budget support and development programs. The committee considers this program essential to the stability of the Congo and its prospects for orderly development

CHAPTER 4. SUPPORTING ASSISTANCE

The bill authorizes appropriations of $400 million for supporting assistance. The funds will remain available until expended. Supporting assistance finances activities which under the old legislation were known as defense support, plus certain other programs that were funded by an account called special assistance.

For the most part, supporting assistance programs serve to bolster the economies of countries that are forced to bear disproportionately heavy military burdens. Most are located on the frontier of the Sino-Soviet empire. Supporting assistance is also given to countries which would face economic collapse in the absence of such assistance. Jordan is a good example.

TREND TO SMALLER PROGRAM

The trend in the supporting assistance program is toward somewhat lower levels of assistance and greater concentration. In fiscal year 1961, the United States provided about $1.1 billion in this kind of aid to 37 countries. According to present estimates, some 32 countries, as well as some regional programs, will receive nearly $709 million in supporting assistance in 1962. (This includes an appropriation of $425 million, withdrawals from the contingency fund of $244 million, and about $40 million out of a $50 million unobligated balance from the 1961 appropriation.)

The program for fiscal year 1963 anticipates that 15 countries and a program under Central Treaty Organization auspices will receive supporting assistance. More than 50 percent of the funds available for the 1963 program are scheduled for two countries, and over 70 percent to four countries. By comparison, it is estimated that five countries are receiving half of the 1962 supporting assistance funds, with 60 percent going to seven countries.

The stress of the supporting assistance program is in the Far East, where the 1963 program is expected to cost about $36 million more than this year's. According to executive branch testimony, the increase is—

due largely to the restoration of demand for raw material imports in Korea and the proposed fulfillment of our 1959 commitment to help finance construction on the Rangoon-Mandalay Road in Burma.

However, it should be pointed out that supporting assistance grants to Thailand are being terminated, as they were last year in the Philippines and the Republic of China.

Elsewhere dramatic reductions in supporting assistance are being proposed. In the Near East and south Asia, a 50-percent cutback is planned—from $206.1 million to $100.1. Moreover, three countries on the edge of the Communist empire—Greece, Pakistan, and Iran—are no longer scheduled to receive supporting assistance. Afghanistan's supporting assistance projects will be completed under the development grant program. The fact is that supporting assistance in the Near East and south Asia is proposed this year only for Turkey, Jordan, Yemen, and for a CENTO civil airway project. In Turkey, the pressures of a heavy military burden and preparations for a comprehensive development plan require the continuance of supporting assistance. Jordan's economy continues to be heavily dependent upon outside contributions.

In Latin America, the number of countries receiving supporting assistance in fiscal year 1963 is expected to drop by two-thirds and the funds programed from $112.8 million to $15 million. In Europe, only Spain has been receiving supporting assistance, and the program there is being terminated this year because it is not necessary. (Spain has been running a favorable payments balance in the past 2 years, thanks largely to an economic stabilization program supported by the International Monetary Fund, the OEEC, a syndicate of private American banks, and U.S. aid programs.)

In Africa, supporting assistance is expected to amount to $32.5 million in 1963, compared with $61 million in 1962 and $84 million in 1961. Most of this aid will be used as part of a quid pro quo in countries where the United States has important strategic interests.

IMPORTANCE OF PROGRAM

The committee believes that this year's supporting assistance program represents an absolute minimum; that further cuts would compel the executive branch to compensate by transfering other funds into the supporting assistance account. Historically, grant aid for commodity imports and budgetary support has not been popular with the Congress. However, the continuance of such programs in certain countries is absolutely essential to the purposes of U.S. security and overall policy. More than three-fourths of the funds will be used in countries on the border of the Sino-Soviet bloc; most of these maintain large military establishments, which are essential not merely to their own defense, but in regional terms as well.

Most of the rest of the supporting assistance account will be used in very poor countries. Some would collapse, politically as well as economically, without this assistance. Others must have it if they are to develop the degree of stability that will enable them to move ahead toward the development stage.

CHAPTER 5. CONTINGENCY FUND

This chapter authorizes an appropriation of not to exceed $300 million for a contingency fund to be used by the President for nonmilitary purposes that he determines to be important to the national interest. Congress is kept currently informed of the uses to which this fund is put.

Last year's authorization, also $300 million, was reduced to $275 million in the appropriations bill. An unobligated carryover of $9.18 million raised the total amount of the contingency fund for use in 1962 to $284.18 million. As of March 31, 1962, the fund was virtually exhausted; nearly $279 million had been committed. Of this amount $244 million had been used to supplement supporting assistance programs, or for comparable purposes. (A breakdown and explanation of contingency fund expenditures in 1962 can be found on pp. 232–235 of the printed hearings.)

The almost exclusive use of the contingency fund for supporting assistance purposes is to be expected, according to executive branch testimony—

> since development assistance will almost always be programed and is unlikely to be disbursed on a crisis basis. Supporting assistance on the other hand is intended for such programs as military budget support and prevention of injury to our national interests from short run political and economic crises.

It should also be observed that the executive branch tries to hold the level of supporting assistance to a bare minimum so as to encourage countries requiring such assistance to use their resources efficiently and qualify as soon as possible for development loans.

The committee is less sympathetic to the use of the contingency fund for administrative purposes. The transfer and special discretionary authorities (secs. 610 and 614) of the act were used in the past year to transfer $5 million from the contingency fund to the administrative expense accounts. Between 1948 and 1955 there were no transfers of foreign aid program funds to administrative accounts. Starting in 1955, a tendency to make such transfers developed, and in 1959, the committee recommended and Congress adopted a prohibition on such transfers. This prohibition was omitted from the 1961 legislation (at executive branch request), owing to the extensive reorganization of the aid agency that was in process.

For fiscal year 1962, $50.5 million was appropriated for foreign aid administrative expenses, compared with $47.8 million for this purpose in 1961. Despite the increase, transfers were made which amounted to a further 10-percent increase in the accounts. The chairman proposed and the committee adopted an amendment which restores the prohibition on diversions of program funds to administrative expense accounts. The language of the committee amendment would be contained in a new section 610(b) of the act.

The committee believes that a contingency fund of this size is essential to the purposes of the foreign-aid program and overall U.S. foreign policy. In every part of the world, hostile pressures against independent societies are capable of producing combustible situations. In coping with such situations—Vietnam is an example—the President

must have considerable scope and flexibility, plus the authority to commit resources as swiftly as he deems necessary.

Part II

CHAPTER 2. MILITARY ASSISTANCE

The bill proposes no substantive changes in the military assistance program. Section 201(a) makes a technical change in section 507 of the act, which deals with sales. In the first sentence, the phrase "not less than" has been inserted before the term "the value." This is intended to fortify the point that the sales price of military articles and services may include overhead costs and other normal charges, in addition to the value of the goods and services.

Section 201(b) affects section 510 of the act, the so-called drawdown authority, which enables the President to meet unexpected contingencies by using up to $300 million annually in defense stocks and services. The change merely eliminates references to "1962" and substitutes "1963."

Besides helping the President to move rapidly in unexpected situations, this provision serves a collateral purpose. It discourages the understandable temptation of the executive branch to provide for such contingencies by adding a comparable sum to the appropriations request. The authority of section 510 has not been used in the past year. It can be used only when the President determines that the use of such goods and services is "vital to the security of the United States." Moreover, the authorization requires that "prompt notice of action taken" must be given to the appropriate committees of Congress.

Section 201(c) of the bill affects section 511(b) of the law, which deals with restrictions on military aid to Latin America. It strikes out the phrase "military assistance programs" and substitutes the phrase "grant programs of defense articles." This change makes the language of subsection (b) consistent with subsection (a), which imposes a ceiling of $57.5 million on grants of defense articles to American Republics.

Last year Congress authorized $1.7 billion in military assistance for each of the following 2 fiscal years. This year, the administration is asking for an appropriation of $1.5 billion for the program, or $200 million less than the authorization. Among other things, this indicates the value of continuity. The knowledge that funds have been authorized at a certain level enables aid officials to plan with greater precision.

The committee also heard testimony that substantial savings were made "from a very careful screening of the planned shipments of spare parts for military equipment previously provided by military assistance." These savings are known as "recoupments" and may amount to as much as $205 million in fiscal year 1963.

NATO

The program for Europe is expected to cost about $314 million. This is about $100 million less than what is being spent in fiscal year 1962 and about $130 million less than 1961 European program. In 3 years, this program has fallen from 38 percent of the military aid

total to 18 percent. Moreover, cost sharing programs now account for 60 percent of all funds spent in Europe for military purposes. The policy of starting no new grant programs in Europe, which presently applies to Germany, Luxembourg, France, and Britain, has been extended this year to Belgium, Italy, and the Netherlands. Programs in these countries consist now of earlier commitments and training operations.

The consortium device, which is being effectively used in some development assistance programs, is being extended to military aid, as well. Germany, Italy, Belgium, and the Netherlands, with some U.S. assistance, will soon begin producing the F–104G all-weather fighter and tactical support aircraft. Moreover, other jointly financed programs include production of the Hawk antiaircraft missiles, the Sidewinder missile, and the Mark 44 homing torpedo. These systems are all products of American research and development, and their production by European countries on a cooperative basis involves related purchases of many U.S.-produced components. A number of European designed weapon systems are also being jointly produced by NATO members. The trend is an encouraging one, and can only serve to strengthen the political and economic fabric of the alliance, as well as its military capability.

Only moderately encouraging is the performance of certain NATO members in meeting their military force obligations. Some progress has been made in the past several months, but not nearly enough to satisfy the requirements. The U.S. effort to raise NATO's conventional warfare capability to a level that will offer "some alternative to humiliation and nuclear riposte" has not been fully understood, or accepted in certain NATO capitals. This goes to the more basic problem of developing common NATO positions on the critical military and political questions. Some of these questions are debated not in the NATO Council, but on the front pages of our newspapers via official leaks. The inadequate cohesion of the Alliance is discussed at greater length in the committee comments of this report.

STRESS OF THE PROGRAM

About 48 percent of the proposed military aid program will be spent in the Far East. This is the area of gravest danger, the one in which the determination of Western powers and independent Asian societies is undergoing the stiffest test. It is clearly essential that substantial military assistance programs be continued in Korea, Vietnam, and the Republic of China. More modest programs are also deemed essential to the security of Thailand, the Philippines, and some other states.

QUALITY OF EQUIPMENT

Over the years, there has at times been suspicion that the military assistance program is to some extent a dumping ground for obsolete military hardware. On this point, the committee heard the following testimony from a Defense Department witness:

> The proportion of new equipment has risen from roughly 55 or 60 percent 3 or 4 years ago, so that it is now 78 percent of the new materiel program. In other words, materiel that we

> will have to go and procure, brandnew materiel of advanced and modern type, the same sort of thing that we are supplying for our own forces, is now 78 percent of the new program. An additional 20 percent or so will come off the shelf, items that are still used by the services and are still useful, and only about 2 percent * * * will be materiel that is excess to our own service requirements. This has a major bearing on the necessity for funding. We are paying full prices for what we get now * * *.

IMPORTANCE OF PROGRAM

The committee supports in full the appropriations request of $1.5 billion for military assistance programs. This would seem a minimum estimate of the cost of helping to maintain the security and independence of nations in every part of the world, including many on the periphery of the Sino-Soviet empire. The importance of the program was sharply underlined by the Secretary of Defense:

> All told, the $1.5 billion we are asking for military assistance will certainly make as great a proportionate contribution to our security as the equivalent amount in our overall military budget. I would go further and say that cuts in the military assistance request could be as serious to our national security, not merely as the same dollar cuts to our military budget but rather as the same *proportionate* cuts in that $50 billion.

It should be pointed out that the net effect on the American economy of the military assistance program is an inflow of gold. In fiscal year 1962, $335 million in military aid will be spent outside the United States, but the sale of military equipment under the program will return $800 million to the United States. In addition, over $400 million of direct business to American firms will be created by cost-sharing programs supported by the program.

For a number of years, the committee has urged the executive branch to encourage countries receiving military aid to use their military personnel in civic action programs. Thus, the committee is pleased to observe the increased emphasis on public works and related programs in which military units are involved. Military assistance funds are used to equip and train the personnel who carry out these programs, and development grant funds may be used to supply the materials, such as lumber, which may be required for specific projects.

TRAINING PROGRAMS AND MAAG OFFICERS

Under the military aid program, a large number of officers of all ranks are trained in the United States. The Secretary of Defense told the committee that—

> probably the greatest return on our military assistance investment dollar comes from the training of selected officers and key specialists at our military schools and training centers in the United States and overseas.

Trainees are chosen by their governments, with American military attachés and members of American military advisory groups some-

times able to participate in the selection process. According to testimony received by the committee—

> The Ambassador has an opportunity to review the names and records of candidates prior to final selection. In small countries and in specific instances our Ambassador frequently uses his friendly relationship with officials of the host country to suggest individuals in whom he has an interest or to arrange special Defense-sponsored trips to the United States for high-ranking influential officers.

In many of the less-developed societies the military officer class is among the most enlightened and competent elements of the population. And in the absence of stability and viable political institutions in some of these countries, it is hardly surprising that elements capable of leadership should grasp it. At that point, the question turns on the quality and the motivation of the leadership.

The committee believes that Ambassadors and their staffs should keep as closely in touch as possible with this military training program. The committee further believes that the chiefs of our military advisory groups, as well as other senior Military Assistance Advisory Group (MAAG) officers, should be chosen with considerably more care and discrimination than has been the case in the past. Some of the chiefs of very large MAAG missions have lacked the basic qualifications of the soldier-diplomat, and have managed to do a fair amount of harm. The fact that a soldier may have competently discharged conventional military responsibilities is not sufficient reason to suppose that he will be equally effective as a MAAG Chief. This would seem to be an obvious point; yet it is one that regrettably enough must be made.

6. PART III—CHANGES IN CHAPTERS 1, 2, AND 3

CHAPTER 1. GENERAL PROVISIONS

A. PATENTS AND TECHNICAL INFORMATION (SEC. 606)

Subsection (c) is deleted. This provision barred the use of aid funds by the U.S. Government for the purchase of any pharmaceutical products manufactured outside the United States if the manufacture of such product in the United States would be covered by an unexpired U.S. patent, unless such manufacture had been expressly authorized by the patent owner. It is a virtually unenforcible provision.

B. TRANSFER BETWEEN ACCOUNTS (SEC. 610)

There is added a subsection (b), which provides that the administrative expense accounts provided by this legislation may not be augmented—with funds transferred from another account under the authority of section 610(a); by the special authorities contained in section 614; or under the authority governing either the nonmilitary (section 451) or the military (section 510) contingency fund.

The background of this new subsection is explained in an earlier part of the report dealing with the non-military contingency fund.

C. COMPLETION OF PLANS AND COST ESTIMATES (SEC. 611)

Subsection (a), which deals with completions of plans and cost estimates, is broadened to cover the new title VI of chapter 2 of part I of the act, concerning the Alliance for Progress.

D. USE OF SETTLEMENT RECEIPTS (SEC. 618)

This section is amended by striking the language dealing with economic assistance to Latin America, and adding new language concerning the use of settlement receipts from Japan. The substance of the stricken language has been incorporated in the new title VI of chapter 2 of part I.

The new language of section 618 provides that funds paid to the United States under a new agreement regarding the settlement of postwar economic assistance to Japan may be made available in any appropriation act to carry out the provisions of part I.

Last January, the United States and Japan signed an agreement that will constitute a final settlement for all economic assistance given to Japan by this country during the period between September 2, 1945, and April 28, 1952. The agreement obligates Japan to pay $490 million. However, the United States has agreed to a request of the Japanese Government to use an amount equivalent to the Japanese repayment, subject to legislative appropriation, for economic assistance to less developed countries. Section 618 does not constitute a new authorization for appropriations.

E. RESTRICTIONS ON FURNISHING ASSISTANCE (SEC. 620)

1. Expropriation

There is added a subsection (e) dealing with overseas property owned by U.S. citizens that has hereafter been nationalized, expropriated, or whose owners have been subjected to unique penalties such as discriminatory taxes. In any of these circumstances, the President is required to suspend assistance to the country in question, if after 6 months its government has failed to take steps determined by the President as appropriate to remedy the situation and to discharge its obligations under international law in convertible currency, or has failed to submit the question to arbitration or conciliation under procedures adequate to assure a full and equitable settlement arrangement for the property owners within 12 months. At such time as the proper steps are taken, assistance can be resumed.

This subsection reflects the committee's considerable concern with the problem of confiscation of American property, and discriminatory treatment of American property owners in other countries. Expropriation of property is the sovereign right of any government. But the right of the property owner to a timely and equitable settlement is equally valid, in the committee's judgment.

The expropriation of private property may occur for any one of a number of reasons, some of them quite understandable; some cases of expropriation are, in fact, unavoidable. However, in the past certain governments have simply confiscated American-owned property, while others have subjected settlement proceedings to interminable delays. The committee's amendment, the result of considerable effort, is intended to protect American property owners against such arbitrary

practices. Moreover, by providing greater security to American property owners abroad, the amendment should serve the collateral purpose of encouraging more private American investment in less developed countries.

2. Aid to India

The committee gave prolonged study to proposals to limit the size of the aid program to India, and at one point tentatively agreed to reduce the program by about 30 percent of the estimated 1963 program. Although some members were reluctant to single out one country for reduction in planned programs, others felt that a variety of incidents during the past year (which will not be recounted here) had so tended to alienate a large body of American opinion as to justify at least a token reduction of planned U.S. assistance to India.

After most careful examination of the Indian program, the committee added a subsection (f) which limits aid to Indian during fiscal year 1963 to a figure not in excess of the value of funds obligated or committed for such assistance during fiscal year 1962. The effect of this limitation cannot be precisely stated, because the fiscal year 1962 has not ended. But the committee's action is expected to cause the proposed program and estimates for aid to the Indian Government under the Foreign Assistance Act and Public Law 480 for fiscal year 1963 to be reduced by about 10 percent. The committee's interpretation of "commitments" in this context corresponds to the meaning the term carried in the executive branch presentation; i.e., loan approvals awarded under the development loan program and pending formal obligation.

CHAPTER 2. ADMINISTRATIVE PROVISIONS

A. EXERCISE OF FUNCTIONS (SEC. 621)

Subsections (b), (c), (d), and (e) are deleted as obsolete. They deal with the abolition of the Development Loan Fund, International Cooperation Administration, and the Office of Inspector General and Comptroller, the transfer of their functions, and the transfer of the "Cooley amendment" function of the Export-Import Bank under section 104(e) of Public Law 480. All the actions required by these deleted subsections have been completed.

B. STATUTORY OFFICERS (SEC. 624)

The present subsection (d) is deleted and subsection (e) is redesignated as subsection (d). The stricken language provided that persons who held statutory positions on the effective date of the act could continue to hold such positions for not more than 60 days following the effective date of the act.

Paragraph 2(A) of redesignated subsection (d) is amended. This provision now requires the Inspector General, among his other responsibilities, to audit and review programs authorized by this act and Peace Corps activities. The amendment would extend this requirement to cover programs conducted by Government agencies under the Latin American Development and Chilean Reconstruction Act. The amendment also makes conforming changes in paragraphs (5) and (7) of redesignated subsection (d).

C. EMPLOYMENT OF PERSONNEL (SEC. 625)

Subsection (b) is amended by increasing the ceiling from 76 to 125 on the number of persons who may be appointed or removed by AID without regard to normal civil service requirements. The committee reduced by 25 the executive branch request for 150 such employees. These "excepted" personnel would not be affected by the pay reform bill, now pending before the Congress, which would remove the authority contained in this subsection to compensate specified numbers of personnel at rates, including supergrade rates, without regard to the Classification Act of 1949. The executive branch has stated that additional supergrade people are urgently needed by the AID but that the need will presumably be met by the pay reform bill.

Paragraph (2) of subsection (d) is amended to authorize initial duty assignments of 1 year within the United States to personnel covered by the Foreign Service Act of 1946. The use of this authority is subject to a determination that it is important for the purposes of the act. The executive branch recommended initial duty assignments of 2 years, but the committee determined that 1 year would be sufficient.

D. GENERAL AUTHORITIES (SEC. 635)

Subsection (h) is amended in two ways. First, the 5-year contracting and agreement authority becomes applicable to the new title VI (Alliance for Progress), in addition to titles II and V of chapter 2 of part I. Second, the language used in the description of funds in this subsection is changed from funds "made available" under the specified sections to funds "available" under those sections. This is a technical change recommended by the executive branch.

E. ADMINISTRATIVE EXPENSES (SEC. 637)

This section authorizes appropriations of $55 million for AID administrative expenses. This is $5 million more than was authorized last year. The committee authorized in full the amount requested, after first reestablishing the prohibition on transfers of program funds into administrative expense accounts.

Subsection (b) is amended by the deletion of a reference to the Secretary of State. This is a conforming change. It provides, in effect, that appropriations pursuant to the section may be made to the President, as are the other appropriations authorized by the act.

CHAPTER 3. MISCELLANEOUS PROVISIONS

A. SAVING PROVISIONS (SEC. 643) OF THE FOREIGN ASSISTANCE ACT OF 1961

Subsection (d) is deleted as obsolete. It provided that nothing in the act shall affect the Peace Corps pending enactment of the Peace Corps Act or adjournment of 1st session of the 87th Congress, whichever is earlier.

B. DEFINITIONS (SEC. 644)

Subsections 644(m) (2) and (3) are amended by deleting from each the words "as grant assistance" from the definition of the term

"value." The purpose of the amendment is to make it clear that the amount of reimbursement to one of the military departments for any defense article furnished to the military assistance program is the same whether the item is made available to a foreign country on a grant or sales basis.

C. UNEXPENDED BALANCES (SEC. 645) OF THE FOREIGN ASSISTANCE ACT OF 1961

Section 645 is amended to authorize unexpended balances made available under the Foreign Assistance Act of 1961 to be continued available; these balances may be used and consolidated in the same way as balances made available under the Mutual Security Act.

7. CHANGES IN PART IV

Section 401 of the bill would repeal part IV of the act, which contains amendments to other acts. This repeal will not affect the amendments; they will remain in force.

A. ACT OF AUGUST 1, 1956 (BASIC AUTHORITY FOR THE DEPARTMENT OF STATE)

Section 2 of the act of August 1, 1956, is amended to give the Secretary of State the authority to settle and pay certain meritorious claims of foreign nationals which are presented diplomatically by their governments from time to time. At present, the Secretary lacks this authority and must seek legislation whenever such meritorious claims are presented. This can result in needless delays and further inconvenience or discomfort to the injured party. Claims may be settled either in dollars or local currency; however, the Department of State would, as in past claims cases for which special legislation was enacted, settle in local currency whenever feasible.

The amendment places a $15,000 limitation (or the foreign currency equivalent thereof) on claim settlements, and excludes from consideration any claim that is "cognizable under any other statute or international agreement of the United States * * *."

The Foreign Claims Act of August 10, 1956, authorizes the Secretaries of the military departments to pay up to $15,000 in settlement of claims presented directly by inhabitants of foreign countries for losses and damages caused by U.S. military activities abroad, and the committee feels that the Secretary of State should have similar authority to settle claims which arise in connection with the overseas responsibilities of the Department of State.

B. MUTUAL EDUCATIONAL AND CULTURAL EXCHANGE ACT OF 1961

The committee amended section 102(a)(3) of this act so as to withdraw the blanket authorization for U.S. participation in international fairs held in the United States. (The authority for such participation in fairs and expositions held abroad remains.)

The amendment would not affect U.S. participation in the New York World's Fair of 1964–65, for which funds have been approved in the second supplemental appropriations bill. It means that henceforth a separate authorization will be required for U.S. participation in any international fair held in this country.

C. PART V: MIGRATION AND REFUGEE ASSISTANCE ACT OF 1962

Part V of the bill consists of a proposed Migration and Refugee Assistance Act of 1962 which is the same, with minor exceptions, as the Senate-passed version of H.R. 8291 which has been in conference since September 21, 1961, the House not yet having appointed conferees. (See S. Rept. No. 989, 87–1, for full explanation.)

8. CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

A. FOREIGN ASSISTANCE ACT OF 1961

* * * * * * *

SEC. 102. STATEMENT OF POLICY.—It is the sense of the Congress that peace depends on wider recognition of the dignity and interdependence of men, and survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom.

To this end, the United States has in the past provided assistance to help strengthen the forces of freedom by aiding peoples of less developed friendly countries of the world to develop their resources and improve their living standards, to realize their aspirations for justice, education, dignity, and respect as individual human beings, and to establish responsible governments.

The Congress declares it to be a primary necessity, opportunity, and responsibility of the United States, and consistent with its traditions and ideals, to renew the spirit which lay behind these past efforts, and to help make a historic demonstration that economic growth and political democracy can go hand in hand to the end that an enlarged community of free, stable, and self-reliant countries can reduce world tensions and insecurity.

It is the policy of the United States to strengthen friendly foreign countries by encouraging the development of their free economic institutions and productive capabilities, and by minimizing or eliminating barriers to the flow of private investment capital.

In addition, the Congress declares that it is the policy of the United States to support the principles of increased economic cooperation and trade among countries, freedom of the press, information, and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion. In the administration of all parts of this Act these principles shall be supported in such a way in our relations with countries friendly to the United States which are in controversy with each other as to promote an adjudication of the issues involved by means of international law procedures available to the parties.

Accordingly, the Congress hereby affirms it to be the policy of the United States to make assistance available, upon request, under this part in scope and on a basis of long-range continuity essential to the

creation of an environment in which the energies of the peoples of the world can be devoted to constructive purposes, free of pressure and erosion by the adversaries of freedom. It is the sense of the Congress that assistance under this part should be complemented by the furnishing under any other Act of surplus agricultural commodities and by disposal of excess property under this and other Acts. *It is further the sense of Congress that support for the peaceful uses of atomic energy should be continued, in furtherance of the purposes of this part.*

Also, the Congress reaffirms its conviction that the peace of the world and the security of the United States are endangered so long as international communism continues to attempt to bring under Communist domination peoples now free and independent and to keep under domination peoples once free but now subject to such domination. It is, therefore, the policy of the United States to continue to make available to other free countries and peoples, upon request, assistance of such nature and in such amounts as the United States deems advisable and as may be effectively used by free countries and peoples to help them maintain their freedom. Assistance shall be based upon sound plans and programs; be directed toward the social as well as economic aspects of economic development; be responsive to the efforts of the recipient countries to mobilize their own resources and help themselves; be cognizant of the external and internal pressures which hamper their growth; and should emphasize long-range development assistance as the primary instrument of such growth.

The Congress reaffirms its belief in the importance of regional organizations of free peoples for mutual assistance, such as the North Atlantic Treaty Organization, the Organization for Economic Cooperation and Development, the European Economic Community, the Organization of American States, the Colombo Plan, the South East Asia Treaty Organization, the Central Treaty Organization, and others, and expresses its hope that such organizations may be strengthened and broadened, and their programs of self-help and mutual cooperation may be made more effective in the protection of the independence and security of free people, and in the development of their economic and social well-being, and the safeguarding of their basic rights and liberties.

Finally, the Congress urges that all other countries able to contribute join in a common undertaking to meet the goals stated in this part.

Chapter 2—Development Assistance

TITLE I—DEVELOPMENT LOAN FUND

Sec. 201. General Authority.—(a) The President shall establish a fund to be known as the "Development Loan Fund" to be used by the President to make loans pursuant to the authority contained in this title.

(b) The President is authorized to make loans payable as to principal and interest in United States dollars on such terms and conditions as he may determine, in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting long-range plans and programs designed to develop economic

resources and increase productive capacities. In so doing, the President shall take into account (1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, (4) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives, (5) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures, and (6) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the loan involved. Loans shall be made under this title only upon a finding of reasonable prospects of repayment.

(c) The authority of section 610 may not be used to decrease the funds available under this title, nor may the authority of section 614(a) be used to waive the requirements of this title.

(d) Funds made available for this title shall not be loaned or reloaned at rates of interest excessive or unreasonable for the borrower and in no event higher than the applicable legal rate of interest of the country in which the loan is made.

SEC. 202. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the purposes of this title $1,200,000,000 for the fiscal year 1962 and $1,500,000,000 for each of the next four succeeding fiscal years, which sums shall remain available until expended: *Provided*, That any unappropriated portion of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year during the above period in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal year.

(b) Whenever the President determines that it is important to the advancement of United States interests and necessary in order to further the purposes of this title, and in recognition of the need for reasonable advance assurances in the interest of orderly and effective execution of long-term plans and programs of development assistance, he is authorized to enter into agreements committing, under the terms and conditions of this title, funds authorized to be appropriated under this title, subject only to the annual appropriation of such funds.

(c) Upon conclusion of each such agreement involving funds to be appropriated, the President shall notify the Foreign Relations and Appropriations Committees of the Senate and the Speaker of the House of Representatives of the provisions of such agreement, including the amounts of funds involved and undertakings of the parties thereto.

(d) Except as otherwise provided in this part, the United States dollar assets of the corporate entity known as the Development Loan Fund which remain unobligated and not committed for loans repayable in foreign currencies on the date prior to the abolition of such Fund shall be available for use for purposes of this title.

SEC. 203. FISCAL PROVISIONS.—All receipts from loans made under and in accordance with this title shall be available for use for the

purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.

SEC. 204. DEVELOPMENT LOAN COMMITTEE.—The President shall establish an interagency Development Loan Committee, consisting of such officers from such agencies of the United States Government as he may determine, which shall, under the direction of the President, establish standards and criteria for lending operations under this title in accordance with the foreign and financial policies of the United States. Except in the case of officers serving in positions to which they were appointed by the President by and with the advice and consent of the Senate, officers assigned to the Committee shall be so assigned by the President by and with the advice and consent of the Senate.

SEC. 205. USE OF THE FACILITIES OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION.—If the President determines that it would more effectively serve the purposes of this title and the policy contained in section 619 (pertaining to newly independent countries), he may, in accordance with the provisions of this title, lend not to exceed 10 per centum of the funds made available for this title to the International Development Association for use pursuant to the International Development Association Act (Public Law 86–565, 74 Stat. 293) and the articles of agreement of the Association.

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

SEC. 211. GENERAL AUTHORITY.—(a) The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting the development of human resources through such means as programs of technical cooperating and development. [In so doing] *In furnishing assistance to countries and areas under this title,* the President shall take into account (1) whether the activity gives reasonable promise of contribution to the development of educational or other institutions and programs directed toward social progress, (2) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range development objectives, (3) the economic and technical soundness of the activity to be financed, (4) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures and a willingness to pay a fair share of the cost of programs under this title, (5) the possible adverse effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved, and (6) the desirability of safeguarding the international balance of payments position of the United States. If the President finds that assistance proposed to be furnished under this title would have a substantially adverse effect upon the United States economy, or a substantial segment thereof, the assistance shall not be furnished.

(b) In countries and areas which are in the earlier stages of economic development, programs of development of education and human resources through such means as technical cooperation shall be

emphasized, and the furnishing of capital facilities for purposes other than the development of education and human resources shall be given a lower priority until the requisite knowledge and skills have been developed.

SEC. 212. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year [1962] *1963* to carry out the purposes of section 211 not to exceed [$380,000,000] *$300,000,000*, which shall remain available until expended.

[SEC. 213. ATOMS FOR PEACE.—The President is authorized to use, in addition to other funds available for such purposes, not to exceed $2,000,000 of the funds available for the purposes of section 211 for assistance on such terms and conditions as he may determine, designed to promote the peaceful uses of atomic energy outside the United States.]

SEC. 214. AMERICAN SCHOOLS AND HOSPITALS ABROAD.—(a) The President is authorized to use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for assistance, on such terms and conditions as he may specify, to schools and libraries outside the United States founded or sponsored by United States citizens and serving as study and demonstration centers for ideas and practices of the United States.

(b) The President is authorized to use, notwithstanding the provisions of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), foreign currencies accruing to the United States Government under any Act, for purposes of subsection (a) of this section, and for assistance, on such terms and conditions as he may specify, to hospitals outside the United States founded or sponsored by United States citizens and serving as centers for medical treatment, education, and research.

SEC. 215. LOANS TO SMALL FARMERS.—It is the policy of the United States and the purpose of this section to strengthen the economies of less developed friendly countries, and in friendly countries where the economy is essentially rural or based on small villages, to provide assistance designed to improve agricultural methods and techniques, to simulate and encourage the development of local programs of self-help and mutual cooperation, particularly through loans of foreign currencies for associations of operators of small farms, formed for the purpose of joint action designed to increase or diversify agricultural productivity. The maximum unpaid balance of loans made to any association under this section may not exceed $25,000 at any one time; and the aggregate unpaid balance of all loans made under this section may not exceed $10,000,000 at any one time.

SEC. 216. VOLUNTARY AGENCIES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation of friendly peoples, the President is authorized to use funds made available for the purposes of section 211 to pay transportation charges from United States ports to ports of entry abroad, or, in the case of landlocked countries, to points of entry in such countries, on shipments by the American Red Cross and United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid.

(b) Where practicable the President shall make arrangements with the receiving country for free entry of such shipments and for the

making available by that country of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving country to the designated shipping point of the consignee.

TITLE III—INVESTMENT GUARANTIES

SEC. 221. GENERAL AUTHORITY.—(a) In order to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of less developed friendly countries and areas, the President is authorized to issue guaranties as provided in subsection (b) of this section of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any friendly country or area with the government of which the President has agreed to institute the guaranty program. The guaranty program authorized by this title shall be administered under broad criteria, and each project shall be approved by the President.

(b) The President may issue guaranties to United States citizens, or corporations, partnerships, or other associations created under the laws of the United States or of any State or territory and substantially beneficially owned by United States citizens, as well as any wholly owned foreign subsidiary of any such corporation—

(1) assuring protection in whole or in part against any or all of the following risks:

(A) inability to convert into United States dollars other currencies, or credits in such currencies, received as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof,

(B) loss of investment, in whole or in part, in the approved project due to expropriation or confiscation by action of a foreign government, and

(C) loss due to war, revolution, or insurrection:

Provided, That the total face amount of the guaranties issued under this paragraph (1) outstanding at any one time shall not exceed [$1,000,000,000] *$1,300,000,000;* and

(2) where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of not to exceed 75 per centum of any investment due to such risks as the President may determine, upon such terms and conditions as the President may determine: *Provided*, That guaranties issued under this paragraph (2) shall emphasize economic development projects furthering social progress and the development of small independent business enterprises; and no such guaranty shall exceed $10,000,000: *Provided further*, That no payment may be made under this paragraph (2) for any loss arising out of fraud or misconduct for which the investor is responsible: *Provided further*, That the total face amount of the guaranties issued under this paragraph (2) outstanding at any one time shall not exceed [$90,000,000] *$180,000,000*: *Provided further*, That this authority shall continue until June 30, 1964.

(c) No guaranty shall exceed the dollar value, as of the date of the investment, of the investment made in the project with the approval of the President plus actual earnings or profits on said investment to

the extent provided by such guaranty, nor shall any guaranty extend beyond twenty years from the date of issuance.

(d) The President shall make suitable arrangements for protecting the interests of the United States Government in connection with any guaranty issued under section 221(b), including arrangements with respect to the ownership, use, and disposition of the currency, credits, assets, or investment on account of which payment under such guaranty is to be made, and any right, title, claim, or cause of action existing in connection therewith.

SEC. 222. GENERAL PROVISIONS.—(a) A fee shall be charged for each guaranty in an amount to be determined by the President. In the event the fee to be charged for a type of guaranty authorized under section 221(b) is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced.

(b) All fees collected in connection with guaranties issued under section 221(b), under sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and under section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1509(b)(3)) (exclusive of fees for informational media guaranties heretofore or hereafter issued pursuant to section 1011 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442), and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended), shall be available for meeting management and custodial costs incurred with respect to currencies or other assets acquired under guaranties made pursuant to section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and shall be available for expenditure in discharge of liabilities under guaranties made pursuant to such sections, until such time as all such property has been disposed of and all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section.

(c) In computing the total face amount of guaranties outstanding at any one time for purposes of paragraph (1) of section 221(b), the President shall include the face amounts of outstanding guaranties theretofore issued pursuant to such paragraph, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended, but shall exclude informational media guaranties.

(d) Any payments made to discharge liabilities under guaranties issued under section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of funds specifically reserved for such payment pursuant to the proviso to the second sentence of section 222(e), and thereafter shall be paid out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any such guaranties as long as such funds are available, and finally shall be paid out of funds realized from the sale of notes issued under section 413(b)(4)(F) of the Mutual Security Act of 1954, as amended, and section 111(c)(2) of the Economic Cooperation Act of 1948, as

[amended] *amended, and out of funds made available pursuant to this title.*

(e) All guaranties issued prior to July 1, 1956 (exclusive of informational media guaranties), all guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended, may be considered, and all other guaranties shall be considered for the purposes of section 3679 (31 U.S.C. 665) and section 3732 (41 U.S.C. 11) of the Revised Statutes, as amended, as obligations only to the extent of the probable ultimate net cost to the United States Government of all outstanding guaranties. Funds obligated in connection with guaranties issued under section 221(b) of this part, 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall constitute a single reserve, together with funds available for obligation hereunder but not yet obligated, for the payment of claims under all guaranties issued under such sections: *Provided*, That funds obligated in connection with guaranties issued prior to July 1, 1956, and guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended, shall not, without the consent of the investor, be available for the payment of claims arising under any other guaranties. Funds available for obligation hereunder shall be decreased by the amount of any payments made to discharge liabilities, or to meet management and custodial costs incurred with respect to assets acquired, under guaranties issued pursuant to section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and shall be increased by the amount obligated for guaranties as to which all liability of the United States Government has been terminated, and by the amount of funds realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities, and the amount of fees collected, under guaranties issued pursuant to such sections (exclusive of informational media guaranties).

(f) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1963 to carry out the purposes of this title not to exceed $100,000,000 which shall remain available until expended.

SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—(a) It is the sense of the Congress that in order to stimulate private home ownership and assist in the development of stable economies, the authority conferred by this title should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects designed to provide experience in rapidly developing countries by participating with such countries in guaranteeing private United States capital available for investment in Latin American countries for the purposes set forth herein.

(b) In order to carry out the purposes set forth in subsection (a), the President is authorized to issue guaranties assuring against the risks of loss specified in paragraph 221(b)(2) of investments made by United States citizens, or corporations, partnerships, or other associations created under the law of the United States or of any State or territory and substantially beneficially owned by United States citizens in pilot or demonstration private housing projects in Latin America

of types similar to those insured by the Federal Housing Administration and suitable for conditions in Latin America. The total face amount of guaranties issued under this section outstanding at any one time shall not exceed [$10,000,000] *$60,000,000*.

(c) The provisions of section 222 (a), (b), (d), [and (e)] (*e*) *and* (*f*) shall be applicable to guaranties issued under this section in the same manner and to the same extent as they apply to guaranties issued under section 221(b)(2).

TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

SEC. 231. GENERAL AUTHORITY.—(a) In order to encourage and promote the undertaking by private enterprise of surveys of investment opportunities, other than surveys of extraction opportunities, in less developed friendly countries and areas, the President is authorized to participate in the financing of such surveys undertaken by any person on such terms and conditions as he may determine: *Provided*, That his participation shall not exceed 50 per centum of the total cost of any such survey. The making of each such survey shall be approved by the President.

(b) In the event that a person who has undertaken a survey in accordance with this title determines, within a period of time to be determined by the President, not to undertake, directly or indirectly, the investment opportunity surveyed, such person shall turn over to the President a professionally acceptable technical report with respect to all matters explored. Such report shall become the property of the United States Government, and the United States Government shall be entitled to have access to, and obtain copies of, all underlying correspondence, memorandums, working papers, documents, and other materials in connection with the survey.

SEC. 232. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year [1962] *1963* to carry out the purposes of this title not to exceed $5,000,000, which shall remain available until expended.

TITLE V—DEVELOPMENT RESEARCH

SEC. 241. GENERAL AUTHORITY.—The President is authorized to use funds made available for this part to carry out programs of research into, and evaluation of, the process of economic development in less developed friendly countries and areas, into the factors affecting the relative success and costs of development activities, and into the means, techniques, and such other aspects of development assistance as he may determine, in order to render such assistance of increasing value and benefit.

TITLE VI—ALLIANCE FOR PROGRESS

Sec. 251. General Authority.—(a) It is the sense of the Congress that the historic, economic, political, and geographic relationships among the American peoples and Republics are unique and of special significance and that the alliance for progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relationships among them. Accordingly, the President is authorized to furnish assistance on such terms and conditions as he may determine in order

to promote the economic development of countries and areas in Latin America.

(b) Assistance furnished under this title shall be directed toward the development of human as well as economic resources. In furnishing assistance to countries and areas under this title, the President shall take into account (1) the principles of the Act of Bogotá and the Charter of Punta del Este and, in particular, the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives; and (4) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved. In making loans under this title from funds which are required to be used for loans payable as to principal and interest in United States dollars, the President shall take into account, in addition to the considerations named in the preceding sentence, whether financing could be obtained in whole or in part from other free world sources on reasonable terms. The provisions of sections 201(d), 202(b), 202(c), and 204 shall be applicable to such loans, and they shall be made only upon a finding of reasonable prospects of repayment.

(c) The authority of section 614(a) may not be used to waive the requirements of this title with respect to funds made available for this title which are required to be used for loans payable as to principal and interest in United States dollars, and the authority of section 610 may be used to transfer such funds only to funds made available for title I of chapter 2 of part I.

(d) In order to carry out the policies of this Act and the purpose of this title, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to insuring a wider and more equitable distribution of the ownership of land.

Sec. 252. Authorization.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, not to exceed $600,000,000 for use beginning in the fiscal year 1963 and not to exceed $800,000,000 for use beginning in each of the fiscal years 1964 through 1966, which sums are authorized to remain available until expended and which, except for not to exceed $100,000,000 of the funds appropriated pursuant to this section for use beginning in the fiscal year 1963, shall be available only for loans payable as to principal and interest in United States dollars.

Chapter 3—International Organizations and Programs

Sec. 301. General Authority.—(a) When he determines it to be in the national interest, the President is authorized to make voluntary contributions on a grant basis to international organizations and to programs administered by such organizations on such terms and conditions as he may determine, in order to further the purposes of this part.

(b) Contributions to the United Nations Expanded Program of Technical Assistance and the United Nations Special Fund for the calendar years succeeding 1961 may not exceed forty per centum of the

total amount contributed for such purpose (including assessed and audited local costs) for each such year.

(c) In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East through contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the President shall take into account (1) whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees, and (2) the extent and success of efforts by the Agency and the Arab host governments to rectify the Palestine refugee relief rolls.

SEC. 302. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use, in addition to funds available under any other Act for such purposes, for the fiscal year [1962] *1963* to carry out the purposes of this chapter not to exceed [$153,500,000] *$148,900,000*.

SEC. 303. INDUS BASIN DEVELOPMENT. In the event that funds made available under this Act (other than part II) are used by or under the supervision of the International Bank for Reconstruction and Development in furtherance of the development of the Indus Basin through the program of cooperation among South Asian and other countries of the free world, which is designed to promote economic growth and political stability in South Asia, such funds may be used in accordance with requirements, standards, or procedures established by the Bank concerning completion of plans and cost estimates and determination of feasibility, rather than with requirements, standards, or procedures concerning such matters set forth in this or other Acts; and such funds may also be used without regard to the provisions of section 901(b) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1241), whenever the President determines that such provisions cannot be fully satisfied without seriously impeding or preventing accomplishment of the purposes of such programs: *Provided*, That compensating allowances are made in the administration of other programs to the same or other areas to which the requirements of said section 901(b) are applicable.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 401. GENERAL AUTHORITY.—The President is authorized to furnish assistance to friendly countries, organizations, and bodies eligible to receive assistance under this part on such terms and conditions as he may determine, in order to support or promote economic or political stability.

SEC. 402. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year [1962] *1963* to carry out the purposes of this chapter not to exceed [$465,000,000] *$400,000,000*, which shall remain available until expended.

CHAPTER 5—CONTINGENCY FUND

SEC. 451. CONTINGENCY FUND.—(a) There is hereby authorized to be appropriated to the President for the fiscal year [1962] *1963* not to exceed $300,000,000 for use by the President for assistance authorized by part I in accordance with the provisions applicable to the furnishing

of such assistance, when he determines such use to be important to the national interest.

* * * * * * *

CHAPTER 2—MILITARY ASSISTANCE

* * * * * * *

SEC. 507. SALES.—(a) The President may furnish defense articles from the stocks of the Department of Defense and defense services to any friendly country or international organization, without reimbursement from funds made available for use under this part, if such country or international organization agrees to pay *not less than* the value thereof in United States dollars. Payment shall be made in advance or, as determined by the President to be in the best interests of the United States, within a reasonable period not to exceed three years after the delivery of the defense articles, or the provision of the defense services. For the purposes of this subsection, the value of excess defense articles shall be not less than (1) the value specified in section 644(m)(1) plus the scrap value, or (2) the market value, if ascertainable, whichever is the greater.

(b) The President may, without requirement for charge to any appropriation or contract authorization otherwise provided, enter into contracts for the procurement of defense articles or defense services for sale to any friendly country or international organization if such country or international organization provides the United States Government with a dependable undertaking (1) to pay the full amount of such contract which will assure the United States Government against any loss on the contract, and (2) to make funds available in such amounts, and at such times as may be required to meet the payments required by the contract, and any damages and costs that may accrue from the cancellation of such contract, in advance of the time such payments, damages, or costs are due.

* * * * * * *

SEC. 510. SPECIAL AUTHORITY.—(a) During the fiscal year [1962] *1963*, the President may, if he determines it to be vital to the security of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in the fiscal year [1962] *1963* shall not exceed $300,000,000. Prompt notice of action taken under this subsection shall be given to the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Speaker of the House of Representatives.

(b) The Department of Defense is authorized to incur, in applicable appropriations, obligations in anticipation of reimbursements in amounts equivalent to the value of such orders under subsection (a) of this section. Appropriations to the President of such sums as may be necessary to reimburse the applicable appropriation, fund, or account for such orders are hereby authorized.

SEC. 511. RESTRICTIONS ON MILITARY AID TO LATIN AMERICA.—(a) The value of grant programs of defense articles for American Republics, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with the fiscal year 1962,

shall not exceed $57,500,000: *Provided*, That an amount equal to the amount by which the foregoing ceiling reduces the program as presented to the Congress for the fiscal year 1962 shall be transferred to and consolidated with the appropriation made pursuant to section 212 and shall be used for development grants in American Republics.

(b) Internal security requirements shall not, unless the President determines otherwise and promptly reports such determination to the Senate Committee on Foreign Relations and to the Speaker of the House of Representatives, be the basis for [military assistance programs] *grant programs of defense articles* for American Republics.

PART III

Chapter 1—General Provisions

* * * * * * *

Sec. 606.—Patents and Technical Information.—(a) Whenever, in connection with the furnishing of assistance under this Act—

(1) an invention or discovery covered by a patent issued by the United States Government is practiced within the United States without the authorization of the owner, or

(2) information, which is (A) protected by law, and (B) held by the United States Government subject to restrictions imposed by the owner, is disclosed by the United States Government, or any of its officers, employees, or agents in violation of such restrictions, the exclusive remedy of the owner, except as provided in subsection (b) of this section, is to sue the United States Government for reasonable and entire compensation for such practice or disclosure in the district court of the United States for the district in which such owner is a resident, or in the Court of Claims, within six years after the cause of action arises. Any period during which the United States Government is in possession of a written claim under subsection (b) of this section before mailing a notice of denial of that claim does not count in computing the six years. In any such suit, the United States Government may plead any defense that may be pleaded by a private person in such an action. The last paragraph of section 1498(a) of title 28 of the United States Code shall apply to inventions and information covered by this section.

(b) Before suit against the United States Government has been instituted, the head of the agency of the United States Government concerned may settle and pay any claim arising under the circumstances described in subsection (a) of this section. No claim may be paid under this subsection unless the amount tendered is accepted by the claimant in full satisfaction.

[(c) Funds appropriated pursuant to this Act shall not be expended by the United States Government for the acquisition of any drug product or pharmaceutical product manufactured outside the United States if the manufacture of such drug product or pharmaceutical product in the United States would involve the use of, or be covered by, an unexpired patent of the United States which has not previously been held invalid by an unappealed or unappealable judgment or decree of a court of competent jurisdiction, unless such manufacture is expressly authorized by the owner of such patent.]

* * * * * * *

SEC. 610. TRANSFER BETWEEN ACCOUNTS.—(*a*) Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available for any provision of this Act may be transferred to, and consolidated with, the funds made available for any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount of funds made available for such provision.

(b) The authority contained in this section and in sections 451, 510, and 614 shall not be used to augment appropriations made available pursuant to sections 636(g)(1) and 637 or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses.

SEC. 611. COMPLETION OF PLANS AND COST ESTIMATES.—(a) No agreement or grant which constitutes an obligation of the United States Government in excess of $100,000 under section 1311 of the Supplemental Appropriation Act, 1955, as amended (31 U.S.C. 200), shall be made for any assistance authorized under titles I [and II], *II, and VI* of chapter 2 and chapter 4 of part I—

(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States Government of providing such assistance, have been completed; and

(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed in time to permit the orderly accomplishment of the purposes of such agreement or grant.

(b) Plans required under subsection (a) of this section for any water or related land resource construction project or program shall include a computation of benefits and costs made insofar as practicable in accordance with the procedures set forth in circular A–47 of the Bureau of the Budget with respect to such computations.

(c) To the maximum extent practicable, all contracts for construction outside the United States made in connection with any agreement or grant subject to subsection (a) of this section shall be made on a competitive basis.

(d) Subsection (a) of this section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans.

* * * * * * *

SEC. 614. SPECIAL AUTHORITIES.—(a) The President may authorize in each fiscal year the use of funds made available for use under this Act and the furnishing of assistance under section 510 in a total amount not to exceed $250,000,000 and the use of not to exceed $100,000,000 of foreign currencies accruing under this Act or any other law, without regard to the requirements of this Act, any law relating to receipts and credits accruing to the United States, any Act appropriating funds for use under this Act, or the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), in furtherance of any of the purposes of such Acts, when the President determines that such authorization is important to the security of the United States. Not more than

$50,000,000 of the funds available under this subsection may be allocated to any one country in any fiscal year.

(b) Whenever the President determines it to be important to the national interest, he may use funds available for the purposes of chapter 4 of part I in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin, and without regard to such provisions of law as he determines should be disregarded to achieve this purpose.

(c) The President is authorized to use amounts not to exceed $50,000,000 of the funds made available under this Act pursuant to his certification that it is inadvisable to specify the nature of the use of such funds, which certification shall be deemed to be a sufficient voucher for such amounts.

* * * * * * *

SEC. 617. TERMINATION OF ASSISTANCE.—Assistance under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for a period not to exceed twelve months from the date of termination of assistance under this Act for the necessary expenses of winding up programs related thereto.

[SEC. 618. ECONOMIC ASSISTANCE TO LATIN AMERICA.—Economic assistance to Latin America pursuant to title I and title II of chapter 2 of part I of this Act shall be furnished in accordance with the principles of the Act of Bogotá signed on September 13, 1960, and in order to carry out the policies of this Act and the purposes of this section, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to ensuring a wider and more equitable distribution of the ownership of land.]

Sec. 618. USE OF SETTLEMENT RECEIPTS.—United States dollars directly paid to the United States under the Agreement Between the United States of America and Japan Regarding the Settlement of Postwar Economic Assistance to Japan may be appropriated or otherwise made available to the President in any appropriation Act, within the limitations of part I of this Act, to carry out the provisions of that part,

SEC. 619. ASSISTANCE TO NEWLY INDEPENDENT COUNTRIES.—Assistance under part I of this Act to newly independent countries shall, to the maximum extent appropriate in the circumstances of each case, be furnished through multilateral organizations or in accordance with multilateral plans, on a fair and equitable basis with due regard to self-help.

SEC. 620. PROHIBITIONS AGAINST FURNISHING ASSISTANCE TO CUBA AND CERTAIN OTHER COUNTRIES.—(a) No assistance shall be furnished under this Act to the present government of Cuba. As an additional means of implementing and carrying into effect the policy of the preceding sentence, the President is authorized to establish and maintain a total embargo upon all trade between the United States and Cuba.

(b) No assistance shall be furnished under this Act to the government of any country unless the President determines that such country is not dominated or controlled by the international Communist movement.

(c) No assistance shall be provided under this Act to the government of any country which is indebted to any United States citizen for goods or services furnished, where such citizen has exhausted available legal remedies and the debt is not denied or contested by such government.

(d) No assistance shall be furnished under section 201 of this Act for construction or operation of any productive enterprise in any country where such enterprise will compete with United States enterprise unless such country has agreed that it will establish appropriate procedures to prevent the exportation for use or consumption in the United States of more than twenty per centum of the annual production of such facility during the life of the loan. In case of failure to implement such agreement by the other contracting party, the President is authorized to establish necessary import controls to effectuate the agreement. The restrictions imposed by or pursuant to this subsection may be waived by the President where he determines that such waiver is in the national security interest.

(e) In any case in which the President determines that a nation or a political subdivision thereof has hereafter (1) nationalized, expropriated, or otherwise seized the ownership or control of the property of United States citizens or entities referred to in section 221(b), or (2) imposed upon or enforced against such property or the owners thereof discriminatory taxes or other exactions, or restrictive maintenance or operational conditions not imposed or enforced with respect to property of a like nature owned or operated by its own nationals or the nationals of any government other than the Government of the United States, and has failed within six months following the taking of action in either of such categories to take steps determined by the President to be appropriate and adequate to remedy such situation and to discharge its obligations under international law toward such citizens and entities, including the prompt payment in convertible foreign exchange to the owner or owners of such property so nationalized, expropriated or otherwise seized, or to arrange, with the agreement of the parties concerned, for submitting the question in dispute to arbitration or conciliation in accordance with procedures under which a final and binding decision or settlement will be reached and full payment or arrangements with the owners for such payment made within 12 months following such submission, the President shall suspend assistance under this Act to such nation until he is satisfied that appropriate steps are being taken.

(f) Assistance to India under this Act, and the Agricultural Trade Development and Assistance Act of 1954, as amended, during the fiscal year 1963 shall not exceed the value of funds obligated or committed for such assistance during the fiscal year 1962.

Chapter 2—Administrative Provisions

Sec. 621. Exercise of Functions.—[(a)] The President may exercise any functions conferred upon him by this Act through such agency or officer of the United States Government as he shall direct. The head of any such agency or such officer may from time to time promulgate such rules and regulations as may be necessary to carry out such functions, and may delegate authority to perform any such functions, including, if he shall so specify, the authority successively to redelegate any of such functions to any of his subordinates. In

providing technical assistance under this Act in the field of education, health, housing, or agriculture, or in other fields, the head of any such agency or such officer shall utilize, to the fullest extent practicable, the facilities and resources of the Federal agency or agencies with primary responsibilities for domestic programs in such fields.

[(b) Notwithstanding the provisions of section 642(a), the corporate entity known as the Development Loan Fund, the International Cooperation Administration, and the Office of the Inspector General and Comptroller shall continue in existence for a period not to exceed sixty days after the effective date of this Act, unless sooner abolished by the President. There shall continue to be available to each such agency and office during such period the respective functions, offices, personnel, property, records, funds, and assets which were available thereto on the date prior to the effective date of this Act.

[(c) On the date of the abolition of the corporate entity known as the Development Loan Fund, the President shall designate an officer or head of an agency of the United States Government carrying out functions under part I to whom shall be transferred, and who shall accept the assets of, assume the obligations and liabilities of, and exercise the rights established or acquired for the benefit of, or with respect to, the Fund as of the date of abolition and not otherwise disposed of by this Act. In addition, on such date the President shall designate such officer or head of agency as the person to be sued in the event of default in the fulfillment of the obligations of the Fund, and shall transfer to such officer or head of agency such offices, entities, functions, property, and records of the Fund as may be necessary, and notwithstanding any other provision of law, shall transfer to such officer or head of agency such personnel of the Fund as the President determines to be necessary. Not later than ninety days after the date of such transfer, the President shall transmit to the Congress a final report of the operations and condition (as of the date of the transfer) of such Fund.

[(d) On the date of the abolition of the International Cooperation Administration the President shall transfer to an officer or head of an agency of the United States Government carrying out functions under part I such offices, entities, functions, property, records, and funds of such agency, not otherwise disposed of by this Act, as may be necessary, and notwithstanding any other provision of law, shall transfer to such officer or head of agency such personnel of the International Cooperation Administration as the President determines to be necessary.

[(e) On the date of the abolition of the agencies referred to in subsections (c) and (d) of this section, the President shall designate an office or head of an agency of the United States Government carrying out functions under part I to whom shall be transferred, and who shall accept, the assets, obligations, and liabilities of, and the rights established or acquired for the benefit of, or with respect to, the Export-Import Bank of Washington related to the loans made by the Bank pursuant to section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(e)). In addition, on such date the President shall designate such officer or head of agency to be sued in the event of default in the

fulfillment of such obligations of the Bank, and shall transfer to such officer or head of agency such records of the Bank as may be necessary.]

* * * * * * *

SEC. 624. STATUTORY OFFICERS.—(a) The President may appoint, by and with the advice and consent of the Senate, twelve officers in the agency primarily responsible for administering part I, of whom—

(1) one shall have the rank of an Under Secretary and shall be compensated at a rate not to exceed the rate authorized by law for any Under Secretary of an Executive Department;

(2) two shall have the rank of Deputy Under Secretaries and shall be compensated at a rate not to exceed the rate authorized by law for any Deputy Under Secretary of an Executive Department; and

(3) nine shall have the rank of Assistant Secretaries and shall be compensated at a rate not to exceed the rate authorized by laws for any Assistant Secretary of an Executive Department, and in the selection of one of such persons due consideration shall be given to persons qualified as professional engineers.

(b) Within the limitations established by subsection (a) of this section the President may fix the rate of compensation, and may designate the title of, any officer appointed pursuant to the authority contained in that subsection. The President may also fix the order of succession among the officers provided for in paragraphs (2) and (3) of subsection (a) of this section in the event of the absence, death, resignation, or disability of the officers provided for in paragraphs (1) and (2) of that subsection.

(c) Any person who was appointed by and with the advice and consent of the Senate, to any statutory position authorized by any provision of law repealed by section 642(a) and who is serving in one of such positions at the time of transfer of functions pursuant to subsections (c) and (d) of section 621, may be appointed by the President to a comparable position authorized by subsection (a) of this section on the date of the establishment of the agency primarily responsible for administering part I, without further action by the Senate.

[(d) Notwithstanding the provisions of sections 642(a)(1) and 642(a)(2), any person who, on the date prior to the effective date of this Act, held an office or a position authorized pursuant to sections 205(b), 527(b), or 533A of the Mutual Security Act of 1954, as amended, or Reorganization Plan Numbered 7 of 1953, may continue to hold such office or position, subject to the discretion of the head of the agency primarily responsible for administering part I, for a period of not more than sixty days following the effective date of this Act.]

[(c)] (*d*)(1) In addition to the officers provided for in subsection (a) of this section, there shall be in the Department of State an officer with the title of "Inspector General, Foreign Assistance," who shall be appointed by the President, by and with the advice and consent of the Senate. In addition, there shall be one Deputy Inspector General, Foreign Assistance, and two Assistant Inspector Generals, Foreign Assistance, who shall be appointed by the President, and such other personnel as may be required to carry out the functions vested in the Inspector General, Foreign Assistance, by this subsection. Notwithstanding any other provisions of law, such of the personnel employed under the authority of section 533A of the Mutual

Security Act of 1954, as amended, as the Inspector General, Foreign Assistance, may designate, and such of the property, records, and funds of the office, established by such section 533A as the Inspector General, Foreign Assistance, may deem necessary, may be transferred to the office of the Inspector General, Foreign Assistance. The Inspector General, Foreign Assistance, shall receive compensation at the rate of $20,000 annually; the Deputy Inspector General, Foreign Assistance, shall receive compensation at the rate of $19,500 annually, and each Assistant Inspector General, Foreign Assistance, shall receive compensation at the rate of $19,000 annually.

(2) The Inspector General, Foreign Assistance, shall report directly to the Secretary of State and shall have the following duties and responsibilities:

(A) He shall arrange for, direct or conduct such reviews, inspections and audits of programs being conducted under part I of this Act and of the Peace Corps, *and programs being conducted by United States Government agencies under Public Law 86–735*, as he considers necessary for the purpose of ascertaining the efficiency and the economy of their administration, their consonance with the foreign policy of the United States, and the attainment of their objectives.

(B) For the purpose of ascertaining the extent to which programs of assistance being carried out under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, are in consonance with the foreign policy of the United States, are aiding in the attainment of the objectives of this Act, and are being carried out consistently with the responsibilities with respect thereto of the respective United States chiefs of missions and of the Secretary of State, as well as the efficiency and the economy with which such responsibilities are discharged, he shall arrange for, direct or conduct such reviews, inspections and audits of programs of assistance under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, as he considers necessary.

(3) The Inspector General, Foreign Assistance, shall maintain continuous observation and review of programs with respect to which he has responsibilities under paragraph (2) of this subsection for the purpose of—

(A) determining the extent to which such programs are in compliance with applicable laws and regulations;

(B) making recommendations for the correction of deficiencies in, or for improving the organization, plans or procedure of, such programs; and

(C) evaluating the effectiveness of such programs in attaining United States foreign policy objectives and reporting to the Secretary of State with respect thereto.

(4) In order to eliminate duplication and to assure full utilization of existing data, the Inspector General, Foreign Assistance, shall, in carrying out his duties under this Act, give due regard to the audit, investigative and inspection activities of the various agencies, including those of the General Accounting Office and of the Military Inspectors General.

(5) For the purpose of aiding in carrying out his duties under this Act, the Inspector General, Foreign Assistance, shall have access to

all records, reports, audits, reviews, documents, papers, recommendations, or other material of the agencies of the United States Government administering part I or part II of this Act, *and Public Law 86–735*, the Peace Corps or the Agricultural Trade Development and Assistance Act of 1954, as amended. All agencies of the United States Government shall cooperate with the Inspector General, Foreign Assistance, and shall furnish assistance upon request to the Inspector General, Foreign Assistance, in aid of his responsibilities.

(6) The Inspector General, Foreign Assistance, shall have authority to suspend all or any part of any project or operation (but not a country program) with respect to which he has conducted or is conducting an inspection, audit or review provided he first has given written notice to the Secretary of State. Any such suspension shall remain effective until such program or part thereof is ordered resumed by the Inspector General, Foreign Assistance, or by the Secretary of State. This paragraph shall not apply to part II of this Act, and with respect to the Agricultural Trade Development and Assistance Act of 1954, as amended, shall apply only to projects and operations administered by the Secretary of State.

(7) Expenses of the Inspector General, Foreign Assistance, with respect to programs under part I or part II of this Act, *and Public Law 86–735*, and the Peace Corps shall be charged to the appropriations made to carry out such programs, and with respect to programs under the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be changed to funds available under the authority of this Act: *Provided,* That such appropriations shall not be charged with such expenses after the expiration of a thirty-five day period which begins on the date the General Accounting Office, or any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation, appropriations, or expenditures under the Act, has delivered to the Office of the Secretary of State a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material which relates to the operation or activities of the Inspector General, Foreign Assistance, unless and until there has been furnished to the General Accounting Office, or to such committee, or subcommittee, as the case may be, (A) the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested or (B) a certification by the President personally that he has forbidden the furnishing thereof pursuant to such request and his reason for so doing. The waiver authority in section 614(a) of this Act and the provisions of section 634(c) of this Act shall not apply to this subsection. Such expenses shall not exceed $2 million in any fiscal year. The Inspector General, Foreign Assistance, may make expenditures (not in excess of $2,000 in any fiscal year) of a confidential nature when he finds that such expenditures are in aid of inspections, audits or reviews under this subsection. A certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the Inspector General, Foreign Assistance, and every such certificate shall be deemed a sufficient voucher for the amount therein specified.

SEC. 625. EMPLOYMENT OF PERSONNEL.—(a) Any agency or officer of the United States Government carrying our functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States to carry out part I or coordinate part I and part II, not to exceed [seventy-six] *one hundred and twenty-five* may be appointed, compensated, or removed without regard to the provisions of any law, of whom not to exceed fifty-one may be compensated at rates higher than those provided for grade 15 of the general achedule established by the Classification Act of 1949, as amended (5 U.S.C. 1071 et seq.), and of these, not to exceed eight may be compensated at a rate in excess of the highest rate provided for grades of such schedule but not in excess of $19,000 per year: *Provided,* That, under such regulations as the President shall prescribe, officers and employees of the United States Government who are appointed to any of the above positions may be entitled, upon removal from such position, to reinstatement to the position occupied at the time of appointment or to a position of comparable grade and salary. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(c) Of the personnel employed in the United States to carry out part II, not to exceed eight may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed three may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of $19,000 per year. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(d) For the purpose of performing functions under this Act outside the United States the President may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees by agencies of the United States Government, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), together with allowances and benefits thereunder; and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of employment or assignment exceeds thirty months, to the same benefits as are provided by section 528 of that Act for persons appointed to the Foreign Service Reserve, and the provisions of section 1005 of that Act shall apply in the case of such persons, except that policymaking officials shall not be subject to that part of section 1005 of that Act which prohibits political tests; and

(2) utilize such authority including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended, as the President deems necessary to carry out functions under this Act; and such provisions of the Foreign Service Act of 1946, as amended, as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including in all cases the provisions of section 528 of that Act: *Provided, however,* That the President may by regulation make exceptions to

the application of section 528 in cases in which the period of the appointment or assignment exceeds thirty months: *Provided further,* That Foreign Service Reserve officers appointed or assigned pursuant to this paragraph shall receive within-class salary increases in accordance with such regulations as the President may prescribe: *Provided further, That, whenever the President determines it to be important for the purposes of this Act, the President may initially assign personnel under this pragraph for duty within the United States for a period not to exceed one year pending assignment outside the United States.*

(e) The President is authorized to prescribe by regulation standards or other criteria for maintaining adequate performance levels for personnel appointed or assigned pursuant to paragraph (2) of subsection (d) of this section and section 527(c)(2) of the Mutual Security Act of 1954, as amended, and may, notwithstanding any other law, but subject to an appropriate administrative appeal, separate employees who fail to meet such standards or other criteria, and also may grant such personnel severance benefits of one month's salary for each year's service, but not to exceed one year's salary at the then current salary rate of such personnel.

(f) Funds provided for in agreements with foreign countries for the furnishing of services under this Act shall be deemed to be obligated for the services of personnel employed by the United States Government as well as other personnel.

(g) The principles regarding foreign language competence set forth in section 578 of the Foreign Service Act of 1946, as amended (22 U.S.C. 801), shall be applicable to personnel carrying out functions under this Act and the Secretary of State shall make appropriate designations and standards for such personnel.

(h) Notwithstanding any other provision of law, officers and employees of the United States Government performing functions under this Act shall not accept from any foreign country any compensation or other benefits. Arrangements may be made by the President with such countries for reimbursement to the United States Government or other sharing of the cost of performing such functions.

(i) To the maximum extent practicable officers and employees performing functions under this Act abroad shall be assigned to countries and positions for which they have special competence, such as appropriate language and practical experience.

* * * * * * *

SEC. 629. STATUS OF PERSONNEL DETAILED.—(a) Any officer or employee, while assigned or detailed under section 627 or 628 of this Act, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority, and other benefits as such, an officer or employee of the United States Government and of the agency of the United States Government from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds appropriated to that agency or made available to that agency under this Act.

(b) Any officer or employee assigned, detailed, or appointed under section 627, 628, 631, or [624(e)] *624(d)* of this Act is authorized to receive under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of

the Foreign Service Act of 1946, as amended (22 U.S.C. 1131). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes (5 U.S.C. 70).

SEC. 634. REPORTS AND INFORMATION.—(a) The President shall, while funds made available for the purposes of this Act remain available for obligation, transmit to the Congress after the close of each fiscal year a report concerning operations in that fiscal year under this Act. Each such report shall include information on the operation of the investment guaranty program.

(b) The President shall, in the reports required by subsection (a) of this section, and in response to requests from Members of the Congress or inquiries from the public, make public all information concerning operations under this Act not deemed by him to be incompatible with the security of the United States. In the case of each loan made from the Development Loan Fund established pursuant to section 201(a) the President shall make public appropriate information about the loan, including information about the borrower, the nature of the activity being financed, and the economic development objectives being served by the loan.

(c) None of the funds made available pursuant to the provisions of this Act shall be used to carry out any provision of this Act in any country or with respect to any project or activity, after the expiration of the thirty-five-day period which begins on the date the General Accounting Office or any committee of the Congress charged with considering legislation, appropriations or expenditures under this Act, has delivered to the office of the head of any agency carrying out such provision, a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material in its custody or control relating to the administration of such provision in such country or with respect to such project or activity, unless and until there has been furnished to the General Accounting Office, or to such committee, as the case may be, (1) the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested, or (2) a certification by the President that he has forbidden the furnishing thereof pursuant to request and his reason for so doing.

(d) In January of each year, the President shall notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of all actions taken during the preceding twelve months under this Act which resulted in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or any Act appropriating funds pursuant to authorizations contained in this Act, or which resulted in obligations or reservations greater by 50 per centum or more than the proposed obligations or reservations included in such presentation for the program concerned, and in his notification the President shall state the justification for such changes. In addition, the President shall promptly notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of any determination under sections 303, 610, 614(a), or 614(b).

(e) The President shall include in his recommendations to the Congress for programs under this Act for each fiscal year a specific plan for each country receiving bilateral grant economic assistance whereby, wherever practicable, such grant economic assistance shall be progressively reduced and eventually terminated.

SEC. 635. GENERAL AUTHORITIES.—(a) Except as otherwise specifically provided in this Act, assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States Government of commodities) as may be determined to be best suited to the achievement of the purposes of this Act, and shall emphasize loans rather than grants wherever possible.

(b) The President may make loans, advances, and grants to, make and perform agreements and contracts with, or enter into other transactions with, any individual, corporation, or other body of persons, friendly government or government agency, whether within or without the United States, and international organizations in furtherance of the purposes and within the limitations of this Act.

(c) It is the sense of Congress that the President, in furthering the purposes of this Act, shall use to the maximum extent practicable the services and facilities of voluntary, nonprofit organizations registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid.

(d) The President may accept and use in furtherance of the purposes of this Act, money, funds, property, and services of any kind made available by gift, devise, bequest, grant, or otherwise for such purpose.

(e) Any agency of the United States Government is authorized to pay the cost of health and accident insurance for foreign participants in any program of furnishing technical information and assistance administered by such agency while such participants are absent from their homes for the purpose of participation in such program.

(f) Alien participants in any program of furnishing technical information and assistance under this Act may be admitted to the United States if otherwise qualified as nonimmigrants under section 101(a)(15) of the Immigration and Nationality Act, as amended (8 U.S.C. 1101(a)(15)), for such time and under such conditions as may be prescribed by regulations promulgated by the Secretary of State and the Attorney General.

(g) In making loans under this Act, the President—

(1) may issue letters of credit and letters of commitment;

(2) may collect or compromise any obligations assigned to, or held by, and any legal or equitable rights accruing to him, and, as he may determine, refer any such obligations or rights to the Attorney General for suit or collection;

(3) may acquire and dispose of, upon such terms and conditions as he may determine, any property, including any instrument evidencing indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens or pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any such instrument;

(4) may determine the character of, and necessity for, obligations and expenditures of funds used in making such loans and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to corporations of the United States Government; and

(5) shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by the Government Corporation Control Act, as amended (31 U.S.C. 841 et seq.).

(h) A contract or agreement which entails commitments for the expenditure of funds [made] available under titles II [and V], *V, and VI* of chapter 2 of part I and under part II may, subject to any future action of the Congress, extend at any time for not more than five years.

(i) Claims arising as a result of investment guaranty operations may be settled, and disputes arising as a result thereof may be arbitrated with the consent of the parties, on such terms and conditions as the President may direct. Payment made pursuant to any such settlement, or as a result of an arbitration award, shall be final and conclusive notwithstanding any other provision of law.

(j) The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for, or participating in, any operation or transaction arising under this Act, or from acquiring any obligation issued in connection with any operation or transaction arising under this Act.

* * * * * * *

SEC. 637. ADMINISTRATIVE EXPENSES.—(a) There is hereby authorized to be appropriated to the President for the fiscal year [1962] *1963* not to exceed [$50,000,000] *$55,000,000* for necessary administrative expenses of the agency primarily responsible for administering part I.

(b) There is hereby authorized to be appropriated [to the Secretary of State] such amounts as may be necessary from time to time for administrative expenses which are incurred for functions of the Department of State under this Act and unrepealed provisions of the Mutual Security Act of 1954, as amended, or for normal functions of the Department of State which relate to such functions.

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 641. EFFECTIVE DATE AND IDENTIFICATION OF PROGRAMS.—This Act shall take effect on the date of its enactment. Programs under this Act shall be identified appropriately overseas as "American Aid".

SEC. 642. STATUTES REPEALED.—(a) There are hereby repealed—

(1) Reorganization Plan Numbered 7 of 1953;

(2) the Mutual Security Act of 1954, as amended (except sections 143, 402, 405(a), 405(c), 405(d), 408, 414, 417, 451(c), 502(a), 502(b), 514, 523(d), and 536): *Provided*, That until the enactment of legislation authorizing and appropriating funds for activities heretofore carried on pursuant to sections 405(a), 405(c), 405(d), and 451(c) of the Mutual Security Act of 1954, as amended, such

activities may be continued with funds made available under section 451(a) of this Act;

(3) section 12 of the Mutual Security Act of 1955;

(4) sections 12, 13, and 14 of the Mutual Security Act of 1956;

(5) section 503 of the Mutual Security Act of 1958;

(6) section 108 of the Mutual Security Appropriation Act, 1959;

(7) section 501(a), chapter VI, and sections 702 and 703 of the Mutual Security Act of 1959, as amended; and

(8) Section 604 and chapter VIII of the Mutual Security Act of 1960.

(b) References in law to the Acts, or provisions of such Acts, repealed by subsection (a) of this section shall hereafter be deemed to be references to this Act or appropriate provisions of this Act.

(c) The repeal of the Acts listed in subsection (a) of this section shall not be deemed to affect amendments contained in such Acts to Acts not named in that subsection.

SEC. 643. SAVING PROVISIONS.—(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law repealed by section 642(a) shall continue in full force and effect until modified by appropriate authority.

(b) Wherever provisions of this Act establish conditions which must be complied with before use may be made of authority contained in, or funds authorized by, this Act, compliance with, or satisfaction of, substantially similar conditions under Acts listed in section 642(a) or Acts repealed by those Acts shall be deemed to constitute compliance with the conditions established by this Act.

(c) Funds made available pursuant to provisions of law repealed by section 642(a)(2) shall, unless otherwise authorized or provided by law, remain available for their original purposes in accordance with the provisions of law originally applicable thereto, or in accordance with the provisions of law currently applicable to those purposes.

[(d) No provision of this Act shall affect, or be deemed to affect, except as the President may determine, the agency within the Department of State known as the Peace Corps, nor any of the functions, offices, personnel, property, records, and funds available thereto on the date prior to the effective date of this Act, pending the enactment of legislation for the Peace Corps or the adjournment of the first session of the Eighty-seventh Congress, whichever is earlier.]

SEC. 644. DEFINITIONS.—As used in this Act—

(a) "Agency of the United States Government" includes any agency department, board, wholly or partly owned corporation, instrumentality, commission, or establishment of the United States Government.

(b) "Armed Forces" of the United States means the Army, Navy, Air Force, Marine Corps, and Coast Guard.

(c) "Commodity" includes any material, article, supply, goods, or equipment used for the purposes of furnishing nonmilitary assitance.

(d) "Defense article" includes—

(1) any weapon, weapons system, munition, aircraft, vessel, board, or other implement of war;

(2) any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance;

83282—62——6

(3) any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any article listed in this subsection; or

(4) any component or part of any article listed in this subsection; but shall not include merchant vessel or, as defined by the Atomic Energy Act[4] of 1954, as amended (42 U.S.C. 2011), source material, byproduct material, special nuclear material, or atomic weapons.

(e) "Defense information" includes any document, writing, sketch, photograph, plan, model, specification, design, prototype, or other recorded or oral information relating to any defense article or defense service, but shall not include Restricted Data and formerly Restricted Data as defined by the Atomic Energy Act of 1954, as amended.

(f) "Defense service" includes any service, test, inspection, repair, training, training aid, publication, or technical or other assistance, including the transfer of limited quantities of defense articles for test, evaluation, or standardization purposes, or defense information used for the purposes of furnishing military assistance.

(g) "Excess defense articles" mean the quantity of defense articles owned by the United States Government which is in excess of the mobilization reserve at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations as grant assistance under this Act.

(h) "Function" includes any duty, obligation, power, authority, responsibility, right, privilege, discretion, or activity.

(i) "Mobilization reserve" means the quantity of defense articles determined to be required, under regulations prescribed by the President, to support mobilization of the Armed Forces of the United States Government in the event of war or national emergency.

(j) "Officer or employee" means civilian personnel and members of the Armed Forces of the United States Government.

(k) "Services" include any service, repair, training of personnel, or technical or other assistance or information used for the purposes of furnishing nonmilitary assistance.

(l) "Surplus agricultural commodity" means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for United States dollars, as determined by the Secretary of Agriculture.

(m) "Value" means—

(1) with respect to excess defense articles, the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying such articles;

(2) with respect to nonexcess defense articles delivered from inventory to countries or international organizations [as grant

assistance] under this Act, the standard price in effect at the time such articles are dropped from inventory by the supplying agency. Such price shall be the same standard price used for transfers or sales of such articles in or between the Armed Forces of the United States Government, or, where such articles are not transferred or sold in or between the Armed Forces of the United States, the gross cost to the United States Government adjusted as appropriate for condition and market value; and

(3) with respect to nonexcess defense articles delivered from new procurement to countries or international organizations [as grant assistance] under this Act, the contract or production costs of such articles.

Military assistance programs and orders shall be based upon the best estimates of stock status and prevailing prices; reimbursements to the supplying agencysh all be made on the basis of the stock status and prices determined pursuant to this section. Notwithstanding the foregoing provisions of this section, the Secretary of Defense may prescribe regulations authorizing reimbursements to the supplying agency based on negotiated prices for aircraft, vessels, plant equipment, and such other major items as he may specify: *Provided,* That such articles are not excess at the time such prices are negotiated: *Provided further,* That such prices are negotiated at the time firm orders are placed with the supplying agency by the military assistance program.

SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to *this Act or* the Mutual Security Act of 1954, as amended, are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act.

SEC. 646. CONSTRUCTION.—If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of this Act, and of the applicability of such provision to other circumstances or persons shall not be affected thereby.

SEC. 647. DEPENDABLE FUEL SUPPLY.—It is of paramount importance that long-range economic plans take cognizance of the need for a dependable supply of fuels, which is necessary to orderly and stable development and growth, and that dependence not be placed upon sources which are inherently holtile to free countries and the ultimate well-being of economically underdeveloped countries and which might exploit such dependence for ultimate political domination. The agencies of government in the United States are directed to work with other countries in developing plans for basing development programs on the use of the large and stable supply of relatively low cost fuels available in the free world.

[PART IV

[SEC. 701. Section 1 of the Defense Base Aet, as amended (42 U.S.C. 1651), is further amended as follows:

[(1) In paragraph (5) of subsection (a) insert after "thereof" in the seeond parenthetieal phrase "unless the Seeretary of Labor, upon the reeommendation of the head of any department or other agency of the United States, determines a eontraet finaneed under a sueeessor provision of any sueeessor Aet should be covered by this seetion".

[(2) In subseetion (e) strike out "June 30, 1958, but not eompleted on July 24, 1959" and substitute therefor "but not completed on the date of enaetment of any sueeessor Aet to the Mutual Seeurity Aet of 1954, as amended".

[SEC. 702. In paragraph (4) of seetion 101(a) of the War Hazards Compensation Aet, as amended (42 U.S.C. 1701), insert after "thereof" in the parenthetical phrase "unless the Seeretary of Labor, upon the reeommendation of the head of any department or other ageney of the United States Government, determines a eontraet finaneed under a successor provision of any sueeessor Aet should be eovered by this seetion".

[SEC. 703. (a) Seetion 305 of the Mutual Defense Assistanee Control Aet of 1951 (22 U.S.C. 1611 et seq.) is amended to read as follows:

["SEC. 305. There is hereby authorized to be appropriated to the Seeretary of State sueh sums as may be neeessary from time to time to administer and earry out the objeetives of this Aet."

[(b) The amendment to seetion 305 of the Mutual Defense Assistance Control Aet of 1951 effeeted by subseetion (a) of this seetion shall not be deemed to affect the repeal of laws effeeted by that seetion prior to sueh amendment.

[SEC. 704. Section 104(e) of the Agrieultural Trade Development and Assistance Aet of 1954, as amended (7 U.S.C. 1704(e)), is amended by substituting "sueh ageney as the President shall direet" and "ageney" for "the Export-Import Bank" and "bank", respeetively.

[SEC. 705. Seetion 5 of the joint resolution to promote peaee and stability in the Middle East (22 U.S.C. 1964) is amended by substituting "whenever appropriate" for "within the months of January and July of eaeh year".

[SEC. 706. The Act to provide for assistanee in the development of Latin Ameriea and in the reeonstruction of Chile, and for other purposes (22 U.S.C. 1942 et seq.), is amended by adding a new section 4 reading as follows:

["GENERAL PROVISIONS

["SEC. 4. (a) Funds appropriated under seetions 2 and 3 of this Act may be used for assistance under this Act pursuant to sueh provisions applicable to the furnishing of such assistanee contained in any sueeessor Act to the Mutual Seeurity Act of 1954, as amended, as the President determines to be necessary to carry out the purposes for whieh sueh funds are appropriated.

[“(b) Of the funds appropriated under section 2 of this Act not more than $800,000 shall be available only for assisting in transporting to and settling in Latin America selected immigrants from that portion of the Ryukyuan Archipelago under United States administration.”

[Sec. 707. Section 523(d) of the Mutual Security Act of 1954, as amended (22 U.S.C. 1783(d)), is amended by striking out the words “achievement of United States foreign policy objectives” and inserting in lieu thereof the words “prevention of improper currency transactions”.

[Sec. 708. The Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), is further amended as follows:

[(1) In the second sentence of section 701, strike “to the extent that space is available there or”; substitute “members of family” for “spouses”; and add before the period “or while abroad”.

[(2) Amend section 872 by striking out subsections (b) and (c) and inserting in lieu thereof the following:

[“(b) When any such retired officer or employee of the Service is reemployed, the employer shall send a notice to the Department of State of such reemployment together with all pertinent information relating thereto, and shall pay directly to such officer or employee the salary of the position in which he is serving.

[“(c) In the event of any overpayment under this section, such overpayment shall be recovered by withholding the amount involved from the salary payable to such reemployed officer or employee, or from any other moneys, including his annuity, payable in accordance with the provisions of this title.”

[(3) In section 911, add the following new paragraphs (9) and (10):

[“(9) the travel expenses of officers and employees of the Service who are citizens of the United States, and members of their families, while serving at posts specifically designated by the Secretary for purposes of this paragraph, for rest and recuperation to other locations abroad having different environmental conditions than those at the post at which such officers and employees are serving, provided that such travel expenses shall be limited to the cost for each officer or employee and members of his family of one round trip during any continuous two-year tour unbroken by home leave and two round trips during any continuous three-year tour unbroken by home leave;

[“(10) the travel expenses of members of the family accompanying, preceding, or following an officer or employee if, while he is en route to his post of assignment, he is ordered temporarily for orientation and training or is given other temporary duty.”

[(4) Amend section 933(a) to read as follows:

[“(a) The Secretary may order to the continental United States, its territories and possession, on statutory leave of absence any officer or employee of the Service who is a citizen of the United States upon completion of eighteen months’ continuous service abroad and shall

so order as soon as possible after completion of three years of such service."

[(5) Amend the title of section 942 and subsection (a) thereof to read as follows:

["TRAVEL FOR MEDICAL PURPOSES

["SEC. 542. (a) In the event an officer or employee of the Service who is a citizen of the United States or one of his dependents, requires medical care, for illness or injury not the result of vicious habits, intemperance or misconduct, while stationed abroad in a locality where there is no qualified person or facility to provide such care, the Secretary may, in accordance with such regulations as he may prescribe, pay the travel expenses of such person by whatever means he shall deem appropriate, including the furnishing of transportation, and without regard to the Standardized Government Travel Regulations and section 10 of the Act of March 3, 1933, as amended (60 Stat. 808; 5 U.S.C. 73b), to the nearest locality where suitable medical care can be obtained. If any such officer, employee, or dependent is too ill to travel unattended, or in the case of a dependent too young to travel alone, the Secretary may also pay the round-trip travel expenses of an attendant or attendants."

[SEC. 709. Section 2 of the Act of July 31, 1945, as amended (22 U.S.C. 279a), is hereby amended to read as follows:

["SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be required for expenditure under the direction of the Secretary of State, for the payment by the United States of its proportionate share in the expenses of the Organization: *Provided*, That the percentage contribution of the United States to the total annual budget of the Organization shall not exceed 33.33 per centum."

[SEC. 710. (a) The first section of the Act entitled "An Act to authorize participation by the United States in the Interparliamentary Union", approved June 28, 1935, as amended (22 U.S.C. 276), is amended by striking out "$33,000" and "$15,000" and inserting in lieu thereof "$48,000" and "$30,000", respectively.

[(b) The amendments made by this section shall be effective only for the fiscal year 1962.]

Section 2 of the Act of August 1, 1956 (70 Stat. 890)

SEC. 2. The Secretary of State, when funds are appropriated therefor, may—

(a) provide for printing and binding outside the continental United States without regard to section 11 of the Act of March 1, 1919 (44 U.S.C. 111);

(b) *For the purpose of promoting and maintaining friendly relations with foreign countries through the prompt settlement of certain claims, settle and pay any meritorious claim against the United States which is presented by a government of a foreign country for damage to or loss of*

real or personal property of, or personal injury to or death of, any national of such foreign country: Provided, That such claim is not cognizable under any other statute or international agreement of the United States and can be settled for not more than $15,000 or the foreign currency equivalent thereof.

(c) employ aliens, by contract, for services abroad;

(d) provide for official functions and courtesies;

(e) purchase uniforms; and

(f) pay tort claims, in the manner authorized in the first paragraph of section 2672, as amended, of title 28 of the United States Code when such claims arise in foreign countries in connection with Department of State operations abroad.

Section 102(a) of the Mutual Educational and Cultural Exchange Act of 1961

SEC. 102. (a) The President is authorized, when he considers that it would strengthen international cooperative relations, to provide, by grant, contract, or otherwise, for—

(1) educational exchanges, (i) by financing studies, research, instruction, and other educational activities—

(A) of or for American citizens and nationals in foreign countries, and

(B) of or for citizens and nationals of foreign countries in American schools and institutions of learning located in or outside the United States;

and (ii) by financing visits and interchanges between the United States and other countries of students, trainees, teachers, instructors, and professors;

(2) cultural exchanges, by financing—

(i) visits and interchanges between the United States and other countries of leaders, experts in fields of specialized knowledge or skill, and other influential or distinguished persons;

(ii) tours in countries abroad by creative and performing artists and athletes from the United States, individually and in groups, representing any field of the arts, sports, or any other form of cultural attainment;

(iii) United States representation in international artistic, dramatic, musical, sports, and other cultural festivals, competitions, meetings, and like exhibitions and assemblies;

(iv) participation by groups and individuals from other countries in nonprofit activities in the United States similar to those described in subparagraphs (ii) and (iii) of this paragraph, when the President determines that such participation is in the national interest.

(3) United States participation in international fairs and expositions *abroad*, including trade and industrial fairs and other public or private demonstrations of United States economic accomplishments and cultural attainments.

B. MUTUAL SECURITY ACT OF 1954

* * * * * * *

[SEC. 405. MIGRANTS, REFUGEES, AND ESCAPEES.—(a) The President is hereby authorized to continue membership for the United States on the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of migrants, there is hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee.

[(b) * * *

[(c) There is hereby authorized to be appropriated for the fiscal year 1961 not to exceed $1,300,000 for contributions to the program of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate.

[(d) There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed $3,500,000 for continuation of activities, including care, training, and resettlement, which have been undertaken for selected escapees under section 451 of this Act.]

* * * * * * *

[SEC. 451. PRESIDENT'S SPECIAL AUTHORITY AND CONTINGENCY FUND.—(a) * * *

[(b) * * *

[(c) It is the purpose of this Act to advance the cause of freedom. The Congress joins with the President of the United States in proclaiming the hope that the peoples who have been subjected to the captivity of Communist despotism shall again enjoy the right of self-determination within a framework which will sustain the peace; that they shall again have the right to choose the form of government under which they will live, and that sovereign rights of self-government shall be restored to them all in accordance with the pledge of the Atlantic Charter. Funds available under subsection (a) of this section may be used for programs of information, relief, exchange of persons, education, and resettlement, to encourage the hopes and aspirations of peoples who have been enslaved by communism.]

* * * * * * *

C. SECTION 2(a) OF P.L. 86–648, JULY 14, 1960, 74 STAT. 504

SEC. 2. (a) The Secretary of State is hereby directed to submit to the Attorney General, as soon as practicable following the date of the enactment of this Act (July 14, 1960), an advisory report indicating the number of refugee-escapees, as specified in section 1 of this Act, who within the period beginning July 1, 1959, and ending June 30, 1960, have availed themselves of resettlement opportunities offered by nations other than the United States: and, thereafter, prior to January 1, and July 1 of each year to submit such an advisory report to the Attorney General indicating the number of such refugee-

escapees who within the preceding six months period have availed themselves of such resettlement opportunities. The Attorney General shall not parole into the United States pursuant to section 1 of this Act, in any six months period immediately following the submission of the Secretary of State's advisory report a number of refugee-escapees exceeding twenty-five per centum of the number of such refugee-escapees indicated in such advisory report as having been resettled outside of the United States. The Attorney General shall submit to the Congress a report containing complete and detailed statement of facts in the case of each alien paroled into the United States pursuant to section 1 of this Act. Such reports shall be submitted on or before January 15 and June 15 of each year. If within ninety days immediately following the submission of such report, either the Senate or the House of Representatives passes a resolution stating in substance that it does not favor the continuation of the authority vested in the Attorney General under section 1 of this Act, the Attorney General shall not later than at the expiration of sixty days immediately following the adoption of such resolution by either the Senate or the House of Representatives discontinue the paroling into the United States of such refugee-escapees. [The Attorney General shall discontinue paroling refugee-escapees pursuant to section 1 of this Act on July 1, 1962.]

APPENDIX NO. 1 *

U.S. foreign assistance, by region and country—cumulative, fiscal year 1946 through fiscal year 1961

[In millions of dollars]

Region and country	Grand total	Total military	Economic assistance												
			Total economic		Mutual security program				Nonmutual security program						
										Public Law 480					
										Title I					
			Total	(Of which loans)	Total MSP economic	ICA	DLF	Other MSP economic	Total	Total sales agreements	Planned for—		Title II emergency relief and economic development	Title III voluntary relief agencies	Export-Import Bank long-term loans	Other non-MSP programs
											Grants	Loans				
Total, all countries	90,510.9	28,997.5	61,513.4	21,122.3	31,062.5	27,846.2	1,986.2	1,229.9	30,450.9	(5,859.8)	1,319.3	2,943.3	782.8	1,825.6	6,986.7	16,593.3
Europe	44,097.5	15,475.4	28,622.2	10,503.1	15,218.7	15,001.9	137.0	79.7	13,403.5	(1,603.9)	138.5	631.2	166.3	744.0	2,403.2	9,320.3
Austria	1,170.9	----	1,170.9	79.1	723.5	723.5	----	----	447.4	(40.9)	----	26.3	24.6	27.3	41.1	328.1
Belgium-Luxembourg	1,984.3	1,243.2	741.1	249.0	558.7	558.7	----	----	182.4	----	----	----	----	.2	150.0	32.2
Denmark	866.4	566.1	300.3	54.3	279.3	279.3	----	----	21.0	----	----	----	----	----	20.0	1.0
France	9,394.4	4,207.7	5,186.7	1,901.9	3,183.8	3,183.8	----	----	2,002.9	(35.6)	----	7.8	----	11.9	1,274.1	709.1
Germany (Federal Republic)	4,999.2	951.5	4,047.7	1,243.8	1,470.0	1,470.0	----	----	2,577.7	(1.2)	----	----	3.4	136.0	10.0	2,428.3
Berlin	131.0	----	131.0	----	118.1	114.4	----	3.7	12.9	----	----	----	----	----	----	12.9
Iceland	69.1	----	69.1	34.4	59.4	59.4	----	----	9.7	(11.6)	----	9.0	----	----	.3	.4
Ireland	146.2	----	146.2	128.2	146.2	146.2	----	----	----	----	----	----	----	----	----	----
Italy (including Trieste)	5,664.8	2,217.7	3,447.1	624.8	1,645.1	1,645.1	----	----	1,802.0	(150.3)	----	104.1	87.4	223.7	215.8	1,171.0
Netherlands	2,449.2	1,220.7	1,228.5	388.8	990.2	987.2	3.0	----	238.2	(.3)	----	----	----	.1	202.2	36.0
Norway	1,084.7	734.9	349.8	113.4	274.8	274.8	----	----	75.0	----	----	----	----	(1)	50.0	25.0
Poland	514.5	----	514.5	138.7	61.1	.1	----	61.0	453.4	(365.3)	----	----	----	11.7	40.0	401.7
Portugal	407.7	328.8	78.9	39.5	49.8	49.8	----	----	29.1	(7.1)	----	3.4	----	25.7	----	----
Spain	1,631.6	503.0	1,128.6	510.3	564.6	547.6	17.1	----	564.0	(506.1)	9.9	253.0	3.8	139.7	157.6	----
Sweden	108.9	----	108.9	22.0	106.8	106.8	----	----	2.1	----	----	----	----	----	----	2.1
United Kingdom	8,689.0	1,020.8	7,668.2	4,215.4	3,828.9	3,828.9	----	----	3,839.3	(48.5)	----	----	----	.3	2.1	3,836.9
Yugoslavia	2,279.9	693.9	1,586.0	521.8	575.6	443.6	117.0	15.0	1,010.4	(437.0)	127.8	227.6	47.1	167.2	105.0	335.7
Regional	2,505.7	1,787.3	718.4	238.0	582.6	582.6	----	----	135.8	----	.8	----	----	----	135.0	----

Far East	20,489.4	7,503.0	12,986.4	1,663.1	7,047.7	6,527.3	273.7	246.6	5,938.7	(673.6)	293.1	248.5	72.3	300.5	607.6	4,416.7
Burma	94.2		94.2	59.3	49.5	49.5			44.7	(40.7)	11.0	26.6		2.1		5.0
Cambodia	295.7	76.3	219.4		217.1	217.1			2.3				2.3	(1)		
China, Republic of	4,150.3	2,180.8	1,969.5	315.6	1,330.2	1,096.4	114.1	119.7	639.3	(62.2)	34.0	12.8	2.9	54.1	33.2	502.3
Indochina, undistributed	1,535.2	709.6	825.6		825.6	825.6										
Indonesia	598.9		598.9	353.3	221.7	210.1	11.6		377.2	(168.0)	54.1	85.2		6.7	163.5	67.7
Japan	3,574.6	980.4	2,594.2	324.8	22.0	22.0			2,572.2	(146.3)	.6	105.6	37.0	25.0	205.2	2,198.8
Korea	4,958.0	1,720.7	3,237.3	53.3	2,052.3	1,905.4	25.3	121.6	1,185.0	(215.4)	178.6	3.1	28.4	115.4		859.4
Laos	371.6	107.7	263.9		262.8	262.8			1.1				.8	.3		
Malaya	22.2		22.2	20.0	20.0		20.0		2.2					2.2		
Philippines	1,675.1	390.2	1,284.9	362.0	276.3	236.2	40.2		1,008.6	(13.8)	3.3	5.9		32.9	189.2	777.3
Thailand	649.9	359.2	290.7	68.9	263.8	241.3	22.5		26.9	(4.3)		3.7		.5	16.5	6.2
Vietnam	2,135.3	591.2	1,544.1	95.6	1,465.2	1,425.3	39.9		78.9	(22.9)	11.5	5.6	.7	61.1		
Regional	427.8	386.7	41.1	10.3	41.1	35.7		5.3								
Near East and south Asia	15,307.4	4,841.8	10,465.6	4,475.7	5,668.6	4,463.6	1,202.5	2.5	4,797.0	(2,958.6)	866.1	1,596.3	249.4	466.4	724.4	894.4
Near East	9,686.4	4,183.6	5,502.8	1,769.4	3,502.6	3,084.4	417.6	.4	2,000.2	(809.8)	119.5	471.7	124.7	263.3	425.3	595.7
Cyprus	9.5		9.5		(1)	(1)			9.5				9.5			
Greece	3,225.2	1,487.1	1,738.1	245.2	1,020.1	976.7	43.0	.4	718.0	(86.7)	7.5	53.5	4.1	99.2	17.1	536.7
Iran	1,192.0	528.1	663.9	299.2	515.2	400.3	114.8		148.7	(34.3)	5.8	18.5	15.2	6.8	75.1	27.3
Iraq	66.7	46.1	20.6	.9	17.4	17.4			3.2					2.3		.9
Israel	793.3	1.0	792.3	447.4	374.2	318.2	56.0		418.1	(193.7)	13.3	153.3		53.3	198.1	.1
Jordan	300.4	20.4	280.0	3.7	230.9	227.2	3.7		49.1				35.5	12.3		1.3
Lebanon	88.7	8.6	80.1	10.7	58.3	52.3	5.9		21.8				16.9		3.2	1.7
Saudi Arabia	46.6	(2)	46.6	19.1	27.4	27.4			19.2						14.8	4.4
Syria	54.1		54.1	30.3	8.2		8.2		45.9	(28.2)		22.1	22.1	1.7		
Turkey	3,483.9	2,092.3	1,391.6	485.6	1,134.1	963.3	170.8		257.5	(246.9)	80.9	68.6	12.2	4.5	79.1	12.2
UAR (Egypt)	384.4		384.4	227.0	84.5	69.3	15.2		299.9	(219.9)	12.0	155.7		83.2	37.9	11.1
Yemen	16.6		16.6		7.3	7.3			9.3				9.3			
CENTO	25.0		25.0		25.0	25.0										
South Asia	4,866.7	2.7	4,864.0	2,686.5	2,085.8	1,301.0	784.8		2,778.2	(2,148.9)	746.5	1,124.7	109.6	199.4	299.1	298.7
Afghanistan	182.5	2.7	179.8	52.2	96.7	96.0	.7		83.1				42.8	.9	39.3	.1
Ceylon	74.1		74.1	23.6	24.1	17.8	6.3		50.0	(25.0)	4.3	14.8	9.3	21.4		
India	3,115.1		3,115.1	2,094.8	1,021.9	475.5	546.4		2,093.2	(1,694.0)	525.3	942.1	5.2	143.7	246.2	230.7
Nepal	44.3		44.3	1.4	23.8	23.4	.4		20.5		15.8	1.0	3.7			
Pakistan	1,450.7	(2)	1,450.7	514.5	919.3	688.3	231.0		531.4	(429.9)	201.1	166.8	48.6	33.4	13.6	67.9
Regional	754.7	655.6	99.1	20.0	80.3	78.2		2.1	18.8				15.2	3.6		

• Agency for International Development, Statistics and Reports Division, "U.S. Foreign Assistance and Assistance from International Organizations: Obligations and Loan Authorizations," July 1, 1945–June 30, 1961 (revised).

See footnotes at end of table, p. 77.

U.S. foreign assistance, by region and country—cumulative, fiscal year 1946 through fiscal year 1961—Continued

[In millions of dollars]

Region and country	Grand total	Total military	Economic assistance													
			Total economic		Mutual security program				Nonmutual security program							
										Public Law 480						
										Title I			Title II emergency relief and economic development	Title III voluntary relief agencies	Export-Import Bank long-term loans	Other non-MSP programs
			Total	(Of which loans)	Total MSP economic	ICA	DLF	Other MSP economic	Total	Total sales agreements	Planned for— Grants	Planned for— Loans				
Latin America	5,485.5	479.4	5,006.1	3,903.1	823.4	574.2	227.7	21.5	4,182.7	(608.5)	14.0	462.5	39.2	148.5	3,125.2	393.3
Argentina	538.0	15.4	522.6	520.0	33.3	2.5	30.8		489.3	(62.3)		42.9			446.3	.1
Bolivia	229.9	2.2	220.7	40.2	157.2	149.3	7.8	.2	63.5	(3.3)		2.5	17.4	6.6	26.4	10.6
Brazil	1,711.2	175.5	1,535.7	1,440.5	53.5	53.3	.2		1,482.2	(282.9)	14.0	222.9		21.4	1,178.4	45.5
Chile	517.3	53.6	463.7	369.5	76.3	46.9	19.0	10.5	387.4	(71.2)		56.6		42.5	283.1	5.2
Colombia	327.2	37.8	289.4	245.8	40.5	15.5	25.0		248.9	(69.5)		51.0		26.1	169.0	2.8
Costa Rica	78.8	.1	78.7	31.9	20.8	12.0	8.9		57.9				.2	.8	21.0	35.9
Cuba	51.9	10.5	41.4	37.5	2.8	2.8			38.6					.6	37.5	.5
Dominican Republic	8.8	6.1	2.7		2.1	2.1			.6							.6
Ecuador	100.5	23.0	77.5	53.2	39.0	22.3	16.7		38.5	(11.6)		8.5		3.1	23.2	3.7
El Salvador	16.8	.3	16.5	5.3	9.9	8.3	1.6		6.6					1.1	3.7	1.8
Guatemala	150.3	1.7	148.6	33.1	91.0	78.1	12.9		57.6				3.2	1.9	16.7	35.8
Haiti	90.8	4.0	86.8	30.2	49.9	45.1	4.9		36.9				3.5	5.4	25.0	3.0
Honduras	41.5	1.2	40.3	16.4	27.5	19.7	7.8		12.8				.2	2.7	3.5	6.4
Jamaica	6.6		6.6		2.1	2.1			4.6					4.6		
Mexico	630.1	5.8	624.3	509.3	7.9	7.9			616.4	(25.2)		17.7	.2	7.6	491.3	99.6
Nicaragua	54.4	2.1	52.3	23.3	18.3	8.1	10.2		34.0					.2	13.1	20.7
Panama	74.9	.1	74.8	32.0	28.6	20.8	7.8		46.2					5.7	17.2	23.3
Paraguay	50.5	.6	49.9	28.4	31.8	17.0	14.9		18.1	(2.9)		2.1		2.7	10.4	2.9
Peru	376.1	64.4	311.7	256.8	57.2	26.7	30.5		254.5	(33.2)		23.4	14.1	11.0	195.4	10.6
Uruguay	79.2	27.3	51.9	48.5	10.7	1.9	8.8		41.2	(46.4)		34.9	(1)	.5	2.6	3.2
Venezuela	195.7	41.5	154.2	151.4	16.3	1.3	15.0		137.9						136.4	1.5
West Indies and east Caribbean	10.3		10.3		8.0	8.0			2.3					2.3		
British Guiana	2.0		2.0		1.4	1.4			.6					.6		
British Honduras	1.6		1.6		.6	.6			1.0				.3	.7		
Surinam	2.9		2.9		2.4	2.4			.5					.5		

Regional	145.5	6.3	139.2	30.0	34.2	[2] 18.4	[3] 5.0	10.8	105.0						25.0	80.0
Africa	1,270.7	81.5	1,189.2	489.8	724.0	583.4	140.6		465.2	(15.3)	7.7	4.6	228.7	36.9	126.5	60.8
Cameroon	2.2		2.2		2.0	2.0			.2					.2		
Central African Republic			(1)		(1)	(1)										
Chad	.1		.1		.1	.1			(1)					(1)		
Congo (Brazzaville)	.1		.1		.1	.1										
Congo (Léopoldville)	13.3		13.3		.5	2.5			10.8				10.1	.7		
Dahomey	3.1		3.1		2.0	2.0			1.1					1.1		
Ethiopia	180.4	55.8	124.6	67.4	76.6	46.9	29.6		48.0				8.9	.8	37.4	.9
Gabon	.1		.1		.1	.1			(1)					(1)		
Ghana	26.4		26.4	20.0	24.1	4.1	20.0		2.3				.6	1.7		
Guinea	4.0		4.0		2.3	2.3			1.7				1.7			
Ivory Coast	2.1		2.1		2.1	2.1										
Kenya	7.3		7.3		5.1	5.1			2.2				1.6	.6		
Liberia	115.5	2.4	113.1	85.0	29.4	26.2	3.2		83.7					1.0	74.8	7.9
Libya	179.0	3.7	175.3	8.5	110.7	105.7	5.0		64.6				28.8	6.5		29.4
Malagasy Republic	.5		.5		.5	.5			(1)				(1)	(1)		
Mali, Republic of	3.1	.6	2.5		2.5	2.5										
Mauritania	1.6		1.6	[4] 1.4	1.5	1.5			.1					.1		
Morocco	302.2	[5]	302.2	192.9	208.9	185.9	23.0		93.3				73.7	19.6		
Niger	2.0		2.0		2.0	2.0			(1)					(1)		
Nigeria	19.3		19.3	3.9	18.8	15.0	3.7		.5					.3		.2
Rhodesia and Nyasaland	33.3		33.3	32.4	10.9	10.9			22.4					(1)		22.4
Senegal	3.6		3.6		3.6	3.6										
Sierra Leone	1.0		1.0		.7	.7			.3					.3		
Somali Republic	13.1		13.1	2.0	12.8	10.8	2.0		.3				.3	(1)		
Sudan			51.2	10.0	51.2	41.2	10.0		(1)					(1)		
Tanganyika	.4		4.4	1.9	2.5	.6	1.9		1.9				1.7	.2		
Togo	1.9		1.9		1.1	1.1			.8					.8		
Tunisia	254.7	[5]	254.7	51.9	137.4	95.3	42.1		117.3	(15.3)	7.7	4.6	101.2	2.0	1.8	
Uganda	1.0		1.0		.8	.8			.2					.2		
Upper Volta	2.0		2.0		2.0	2.0			(1)					(1)		
Other French communities and possessions	6.0		6.0		6.0	6.0										
Other Portuguese possessions	12.8		12.8	[6] 12.5	.3	.3			12.5						12.5	
Other British territories (sterling area)	.7		.7		.3	.3			.4					.4		
Regional	22.3	19.0	3.3		3.3	3.3										
Nonregional	3,860.4	616.2	3,244.2	87.4	1,580.3	696.1	4.8	879.6	1,663.9				26.8	129.5		1,507.6

[1] Less tban $50,000.
[2] Military data classified and included in Near East and soutb Asia regional total.
[3] Includes Central American Bank formed by El Salvador, Guatemala, Honduras, and Nicaragua.
[4] Loan to France for Mauritania.
[5] Military data classified and included in Africa regional total.
[6] Loan to Portugal for Mozambique.

APPENDIX NO. 2

Consortia for India and Pakistan

STATEMENT OF THE EXECUTIVE BRANCH

As the committee knows, the consortia for India and Pakistan include individual lending countries and the International Bank for Reconstruction and Development. Both countries had been dealing with the Bank and individual lending countries prior to the creation of the consortia. The fact that the Bank is a member of both consortia to some degree defines the nature of consortia organization and operations. The IBRD has a regular procedure for analyzing and reaching judgments on requested lending, especially when such lending would be in support of large development plans. This procedure includes the dispatching of a Bank mission to the country requesting an IBRD loan, a group which characteristically includes both technicians and economists.

The initial stage of the India and Pakistan consortia investigation consisted of drawing on the technical and economic materials collected by the IBRD and on the official replies prepared by India and Pakistan for IBRD's consideration. In addition, the studies made by the two U.S. AID missions, and by technical groups sent out by particular member countries were available to the consortia. Consequently, the consortia officials representing the member countries and the IBRD, could exchange informed views and draw reasonable conclusions on the state of the Indian and Pakistan economies, the political climates, the financial and technical requirements of the plans and the technical and organizational potentials of the two countries precedent to the consortia reaching decisions on the appropriate levels of total aid offers. The United States used the opportunity offered by preliminary consortia meetings to encourage potential lending countries and the IBRD to commit themselves to a higher level of financial assistance than the countries might have been prepared to consider individually in the context of bilateral discussions. The preliminary consortia meetings also offered the representatives a chance to: (*a*) discuss the division of the total financial commitments, and (*b*) the terms and conditions of such assistance to be offered by each individual lender. However, it should be clear that the loans made available to recipients of consortia aid are extended by each country, and the IBRD, separately. There are no negotiations on individual loans or their terms between the consortium as a whole and the borrowing country. On the other hand, discussions do take place in the consortium framework between potential lenders and the borrower on the economic situation as a whole, the scale of the devel-

opment, the potential resource commitments of the borrowing country, and other relevant general issues.

The representative of each potential lending country who comes to the consortium meeting is under instructions from his government on the limits of possible commitments for the consortium. Therefore, the division of the total agreed consortium financial commitment may be said to be arrived at in three somewhat overlapping stages: the first is represented by the common agreement of all parties present on the proper size of the total commitment; this judgment is related closely to the initial willingness of each individual lending country to make a particular amount of long-term lending available. The second stage may be said to be the tentative allocation of this total among countries. The final allocation which is arrived at during the third and final stage is the result of further discussions among the consortia representatives, and between each representative and his government. The U.S. Government has used diplomatic channels throughout the second and third stages, urging that each of the potential lenders be as liberal as possible, both with respect to the amount and the terms of its commitment to the consortium.

As we have noted, the terms and conditions of assistance offered by each lender are established by the lender. The U.S. Government has made every effort to encourage individual lenders to reduce interest rates, and to extend the period of repayment of loan commitments. In the first instance success in such efforts would reduce interest rates offered by lenders within the consortium context, but not the rates charged by the same lenders to borrowers outside the consortium. The ultimate objective is to reduce interest rates and extend the period of grace and repayment in all loans made by the developed to the underdeveloped world. The lending terms offered by West Germany under the two consortia have been somewhat more liberal than loans made available by it to some other underdeveloped countries. The lending terms offered by the United Kingdom, Japan, and France within the consortium have not been liberalized much, except that the United Kingdom has extended the period of repayment. On the other hand, the terms offered by these countries are generally the same as those of West Germany. While terms of IBRD lending under the consortium are the standard 20 years, 5¾ percent, International Development Association is extending loans for 40 years with a 10-year grace period and a three-quarters of 1 percent charge. The United States is providing loans within more liberal development lending terms than other lenders—namely 40 years, 10 years grace, and a minimum (0.75 percent)credit charge.

While operations under the consortia have just begun, evidence to date points to a complete fulfillment on the part of all members both with respect to the amounts, and to the terms and conditions of their pledges.

APPENDIX NO. 3

Credits and grants extended to less-developed countries of the free world by the Sino-Soviet bloc mid-1955–December 1961 [1]

STATEMENT OF AGENCY FOR INTERNATIONAL DEVELOPMENT

[In millions of U.S. dollars]

Total economic and military (28 countries)	6,441
Total economic only [2] (27 countries)	4,371
Latin America	465
Argentina	104
Brazil	4
Cuba	357
Middle East	1,077
Cyprus	1
Iran	6
Iraq	216
Syrian Arab Republic	178
Turkey	17
United Arab Republic (Egypt)	615
Yemen	44
Africa	601
Ethiopia	114
Ghana	182
Guinea	110
Mali	65
Somalia	62
Sudan	22
Tunisia	46
Asia	2,123
Afghanistan	204
Burma	93
Cambodia	65
Ceylon	58
India	963
Indonesia	641
Nepal	55
Pakistan	33
Europe	116
Iceland	5
Yugoslavia	111

[1] Bloc aid figures include about $120,000,000 in credits extended during the 1st half of 1955. They exclude about $11,000,000 in credit extended to Afghanistan in 1954.

[2] Morocco has accepted only military aid from the bloc.

NOTE.—Differences in totals are due to rounding.

APPENDIX NO. 4

LETTER FROM AGENCY FOR INTERNATIONAL DEVELOPMENT TO SENATOR J. W. FULBRIGHT: REPORTS TO CONGRESS RELATIVE TO LOAN COMMITMENTS AND ARRANGEMENTS ENTERED INTO UNDER THE ACT

MAY 11, 1962.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: As a result of recent discussions between our respective staffs, I am convinced that there is need for the Agency to improve its communication with Congress on development lending. Congress should certainly have the maximum amount of information about all of AID's activities, including development lending.

AID will, of course, continue to notify the Congress under section 202(c) of the act concerning agreements entered into under section 202(b). Only one such long-term commitment has been made and reported, although other arrangements, for example with Pakistan, will become section 202(b) agreements in the near future.

It is our firm intention to establish other procedures and to make arrangements to report to the authorizing committees more fully and frequently than is contemplated under the provisions of the act that I have cited above. A first step will be to transmit information automatically whenever the President makes a determination under section 202(b) that it is important to enter into a long-term commitment agreement as essential to U.S. interests and necessary to the furtherance of U.S. foreign policy objectives. This information will be transmitted earlier and in addition to the reporting made under section (202(c)).

As you know, there are also certain long-term commitments of future year development lending funds, which at the time they are made, do not impose upon Congress the possible moral obligation implied by a 202(b) commitment. In these instances of financing arrangements, AID will inform the authorizing committees, as a regular procedure, at an early date, with whatever supporting information is available.

You are also aware that in certain circumstances, statements are made concerning long-range intentions of the U.S. Government. These statements do not constitute commitments in a legal sense nor are they full-fledged agreements, but they do imply a U.S. willingness favorably to consider providing assistance from future year funds. They constitute a most useful and important tool for the advancement of U.S. foreign economic and political objectives. At the same time these statements give other nations some assurance that they may take steps toward developing the "long-term plans and programs of development assistance" required by section 202(b) for a firm, long-term commitment. These statements of such intentions may become public knowledge through media here or abroad. AID, however, will keep the committees and their staffs informed as soon as possible when any such statements are made. These reports will be accompanied by as full documentation of the circumstances as is possible.

I am sure that you will agree that the U.S. Government requires considerable flexibility in stating its intentions in the development assistance field. AID will follow, as conscientiously as we can, a

policy of informing Congress on these statements. All AID officers will be informed that such a report must be submitted as a matter of routine whenever any such statement occurs.

We earnestly hope that these procedures will provide more immediate and complete information on long-range plans. I, the Administrator, the Deputy Administrators, and the regional assistant administrators, will continue to consult with the committees and we shall welcome any suggestions, now or as we proceed to improve communications, as to how we can best assist the Congress in carrying out its responsibilities.

With best personal regards.

Sincerely,

FOWLER HAMILTON.

APPENDIX NO. 5

REPAYMENTS ON U.S. ASSISTANCE LOANS TO DATE

STATEMENT OF AGENCY FOR INTERNATIONAL DEVELOPMENT

Interest collections and principal repayments on U.S. Government loans granted under programs now administered by the Agency for International Development totaled approximately $663,600,000 up to January 1962.

The amount included $458,300,000 received in dollars and the equivalent of $125,300,000 received in local currencies of the borrowing countries. Of the total, $462 million represented interest collections and $201,600,000 was principal repayments.

The principal and interest payments were made on approximately $4.76 billion disbursed against loan agreements totaling about $7 billion since 1948.

The loans have been made to 66 countries, including 17 in Europe, 9 in Africa, 8 in the Near East, 5 in south Asia, 9 in the Far East, and 18 in Latin America. However, most AID-type programs have been concluded in Europe with present emphasis on Africa, Latin America, south Asia, the Far and Near East.

The figures include loans made under the Economic Cooperation Act of 1948, the Marshall plan; the mutual security programs of 1951–61, including the former Development Loan Fund; the local currency provisions of Public Law 480, and the Foreign Assistance Act of 1961, which created AID.

Under the foreign aid legislation, the United States lends dollars to provide foreign exchange to countries being granted economic assistance. The local currencies loaned under Public Law 480 represent part of the proceeds from the sale of U.S. agricultural commodities to the recipient countries.

Most of the loans are long term, up to 40 years, and customarily contain grace periods during which no payments are required.

In the early days of the aid programs, the greater part of U.S. economic assistance overseas was on a grant basis. The trend in recent years has been toward loans and the present AID program emphasizes this type of assistance.

Of the $7 billion in total AID loan agreements—none of which is considered to be in arrears—$2.4 billion is repayable in dollars and

$4.6 billion is repayable in local currencies. The amount to be repaid in local currencies includes about $1.6 billion in dollar loans made by the Development Loan Fund but repayable in local currencies, and $2.2 billion in local currency Public Law 480 loans.

The attached table enumerates the status of the various types of loans, interest collections, and principal repayments as of December 31, 1961.

	Loan agreements	Disbursements	Principal repayment	Interest collections	Balance outstanding [1]
Dollar loans repayable in dollars	$2,409,210,218	$2,106,682,535	$169,576,332	$366,348,481	$1,937,106,203
Public Law 480 loans repayable in dollars	36,326,539	30,760,290	1,600,000	896,026	29,160,290
Total dollar loans repayable in dollars	2,445,536,757	2,137,442,825	171,176,332	367,244,507	1,966,266,493
Dollar loans repayable in local currency	2,412,601,508	1,294,531,864	29,599,083	58,982,856	1,264,932,781
Public Law 480 loans repayable in local currency	2,216,826,992	1,330,591,236	902,882	35,774,245	1,329,688,354
Total repayable in local currency	4,629,428,500	2,625,123,100	30,501,965	94,757,101	2,594,621,135
Grand total	7,074,965,257	4,762,565,925	201,678,297	462,001,608	4,560,887,628

[1] None of the loans is considered to be in arrears.

APPENDIX NO. 6

Price Stabilization Through International Commodity Agreements

STATEMENT OF THE EXECUTIVE BRANCH

In recognition of the importance of stabilizing the earnings of less developed countries from sales of commodities, the United States is now taking the initiative in promoting international commodity agreements, where feasible, to establish orderly trade and to put floors under individual commodity prices by balancing demand and supply in international markets, i.e., by means of supply control. It is also cooperating in studies of across-the-board compensatory financing devices to compensate primary exporting countries for losses in export earnings due to cyclical changes in commodity markets. And finally, it is spearheading efforts to free raw materials trade, particularly trade in tropical products, from artificial restrictions which impede market expansion and consumption.

An outline highlighting some of the specific measures we have taken and contemplate taking with respect to coffee, cocoa, sugar, lead and zinc, tin, bananas, tropical products generally, and compensatory financing are spelled out in an addendum which is attached to this answer and which was sent to all U.S. ambassadors to Latin American countries for their information and guidance Other action is also underway, particularly in connection with temperate products such as wool which also affects some less developed countries.

CURRENT ACTION IN THE COMMODITY FIELD

Coffee

(*a*) *Long-term agreement.*—At the Punta del Este Conference in 1961, the United States declared its readiness to consider joining an international coffee agreement if one could be developed on effective lines. A resolution (C. 1) was adopted setting forth agreed principles for a long-term coffee agreement.

In keeping with our commitment, the United States has been an active participant in the revitalized Coffee Study Group and has helped to prepare a draft long-term agreement.

The draft agreement, which incorporates the principles of the Punta del Este resolution on the subject, invites participation by both importing and exporting countries. It provides for the promotion of coffee consumption and the reduction of coffee production and stocks as well as the regulation of coffee prices through export quotas. It provides for financial assistance in support of programs to control coffee production and diversity agriculture.

The draft agreement, made available to member governments of the Coffee Study Group last December, was formally considered by the Study Group at a meeting in Washington in the last week of March.

The Group concluded that an international long-term agreement was necessary; that an international conference should be called to negotiate a comprehensive agreement on the basis of the draft agreement and of the views expressed at the meeting of the Study Group; and that the Secretary General of the United Nations should arrange such a conference, if possible in June of this year, to which all members of the U.N. or its specialized agencies would be invited.

A copy of the final document incorporating the conclusions of the Study Group and a circular instruction giving the highlights of the meeting and its conclusions have been pouched to the field. A copy of each country's statement, where a formal statement was made, is also being sent to the respective countries.

(*b*) *Seasonal marketing fund.*—A special factor making for instability in the coffee market has been the seasonal pattern of marketing of Central American coffee, i.e., the sale of the entire crop soon after harvest, largely because producers lacked the funds to hold their output for long. We have offered a loan of $12 million (from AID funds) to establish a seasonal marketing fund, which will finance the holding of coffee to avoid this seasonal pressure on prices, within limits of the export quota set for each exporting country under the existing (and prospective) coffee agreement. To maintain pressure on the coffee-producing countries to curb production, we have both declined to discuss the financing of stocks above that limit and made the loan conditional upon tighter internal controls over exports.

Within the past week, we have turned over to representatives of the six Governments concerned—Mexico, Guatemala, Nicaragua, Honduras, El Salvador, and Costa Rica—two documents for their signature. The first describes the mechanics of the operation, i.e., the establishment of a Seasonal Marketing Board and the obligations of participating governments under the arrangements such as taking the necessary policing and other measures to insure that coffee is not exported in excess of quota. The second describes the terms of the proposed U.S. loan and the obligations of the signatories thereunder.

Countries have until May 31 to deposit the articles of ratification. Although the countries concerned consider the conditions stiff, we do anticipate ratification and hope that the Seasonal Marketing Board can be established and begin operation by July 31. (See section below on tropical products.)

Cocoa

The United States has taken an active interest in the work of the Cocoa Study Group, an international forum organized by the Food and Agriculture Organization for discussion of world cocoa problems. The Cocoa Study Group met in Ghana in April 1961. In addition to Government representatives, a large number of advisers from the U.S. cocoa and chocolate industry also attended. It was decided that the long-term outlook for cocoa was such that an international commodity agreement should be prepared and discussed. In June 1961 a drafting committee, in which the United States actively participated, met in Rome to prepare an international agreement for cocoa. The draft agreement was circulated to governments for their consideration.

In October 1961 the Executive Committee of the Cocoa Study Group met in Rome for an exchange of views on the draft cocoa agreement. The Committee examined the draft agreement in considerable detail, and suggested a large number of modifications in the text. As market prices for cocoa were rising at the time, the African producing countries and Brazil suggested that further consideration of a draft agreement be postponed until the next meeting of the Cocoa Study Group in May 1962.

As cocoa prices have recently threatened to decline to new low levels, it is possible that the interest of the African and Latin American cocoa-producing countries will be intensified. The United States will participate at the May 1962 meeting of the Cocoa Study Group and will continue its efforts to find a practical and acceptable means of stabilizing cocoa prices. (See section below on tropical products.)

Sugar

The proposed executive branch position on sugar quotas and premiums, as stated in the President's budget message, was sent to the field in Circular Telegram 1288 of January 19, 1962.

The administration's decision to recommend a drastic change in our present sugar policy was taken only after careful study, for the following reasons:

Interruption of sugar trade with Cuba provided an opportunity to revise a system that had lost its usefulness. Cuba had a significant economic interest in the premium as its quota was about 3 million tons. Aside from the Philippines, the vested interest of all other countries, 14 in number, amounted only to about 280,000 tons, and the total quota premium to these 14 countries amounted to about $13 million.

We have aid programs today to direct resources on the basis of need. Aid through a sugar program does not assure that resources are going to the right places, at the right time, and in the right amounts. The quotas that have been established by law have borne little relation to needs or to efficiency in production.

The problem of allocating valuable quota privileges among competing foreign claimants creates severe political problems. Virtually

every cane-sugar-producing country in the world and many of the beet-sugar-producing countries in Western Europe are seeking quotas. The administration cannot take a public position favoring some friendly countries over others. The present system is, in fact, untenable.

The administration cannot ignore the fact that Cuba will someday return to the West. At that time, Cuba must have the opportunity to sell sugar in the U.S. market. If the Cuban quota were distributed now to other countries, vested interests in the new and larger quotas would be created. It would be extremely difficult to reduce these quotas so as to provide a market for Cuba's major export commodity. Opening the U.S. market now to all friendly countries on a nondiscriminatory basis would avoid the buildup of vested interests and assure Cuba's reentry on a competitive basis.

Abolition of the quota premium for imported sugar would result in a substantial direct saving of foreign exchange by the United States and consequent improvement in our balance-of-payments position.

Since the announcement in the President's budget message, discussions have been held with representatives of the domestic industry and with Members of Congress. A revised position is being developed in the light of these discussions. We will inform the field within the next few weeks when it is expected that the position will have been clarified.

Tropical products

Latin American countries have been disadvantaged by the existence of preferences in Europe for the tropical agricultural products of African competitors. The decision of the member states of the European Economic Community to ring the oversea states with which they have special relations into association with the Community further and more seriously complicates Latin America's export problems. As presently planned, the countries now enjoying preferential access to the French, Belgian, and Italian markets will acquire the right of duty-free entry to the whole Common Market—while other suppliers of tropical products will lose existing markets as new tariff barriers are raised against them. The trade injury will be compounded if a merger of the European and Commonwealth preferential systems should be agreed upon in the course of the United Kingdom's negotiations for entry into the Common Market.

Last June we approached the member states of the EEC and the United Kingdom with the proposal that we join with them in developing a program that would permit the elimination of tariff preferences on tropical products (e.g., coffee, cocoa, bananas, tropical woods, oilseeds) and the substitution of some arrangement offering compensating benefits to the countries now enjoying preferences but avoiding discrimination against the trade of other (e.g., Latin American) suppliers. We suggested a possible package involving elimination of tariffs and other import restrictions on key tropical products by all major importing countries; the establishment of a resources stabilization fund which, for a transitional period, would make payments to countries formerly enjoying preferences to compensate them for any loss of income sustained; and such other devices as international commodity agreements or economic and financial assistance, where needed or helpful. Included in the package would

be the pledge to remove heavy excise and consumption taxes presently levied on some tropical products by certain European countries (notably the Germans on coffee and cocoa) since these inhibit consumption.

Because of opposition from the French, no action on this proposal has been taken, and we are no longer pressing the particular proposal contained in our June 1961 memorandum. We are reviewing our position and developing more detailed proposals that may include not only a commodity-by-commodity approach for key commodities but also a country-by-country approach to the problems of particular associated states.

We are supporting other initiatives likely to further our objectives. Thus, at the General Agreement on Tariffs and Trade, we supported a Nigerian proposal that duty-free entry for tropical products be considered. It was agreed that a high-level Special Group on Trade in Tropical Products would meet this spring, under GATT auspices to consider ways of overcoming difficulties confronting less-developed countries exporting cocoa, coffee, tea, vegetable seeds and oils, and tropical timber.

In the meantime, there has been included in the Trade Expansion Act submitted to Congress a provision authorizing elimination of U.S. duties or other restrictions on tropical agricultural and forestry products not produced in significant quantities in the United States, provided the EEC takes comparable action.

Compensatory financing

We have been working intensively within the Organization of American States group of experts to develop a plan for compensatory financing to offset the effects of fluctuations in the export earnings of the less developed countries.

The plan that has been developed is a worldwide hard-money revolving fund for short-term credits to offset declines in export receipts resulting from short-term fluctuations in commodity trade. The fund would be additional to, and not a substitute for, development aid. Unlike the balance-of-payments assistance provided by the International Monetary Fund, which the fund would supplement, assistance under the proposed plan would be virtually automatic.

Bananas

A special conference on bananas was held in Ecuador in August 1961, attended by the leading banana-producing countries of the Western Hemisphere. We sent an observer.

At this conference some producers were concerned about prices of bananas in the U.S. market, which have been stable or declining in recent years. Costs of production have risen because of higher labor costs and costs associated with disease control and prevention. Producers were also concerned about the effect of the Common Market on future prospects for markets in Western Europe.

The conference agreed to form an Inter-American Banana Organization to reduce costs, improve quality, promote consumption, and reduce barriers to trade. As these functions rest primarily with producing interests, the United States was not expected or asked to join the Organization. Our participation at the meeting did, however, assure the other countries of our interest in their problems.

These countries have also been assured that the United States will use its best efforts to persuade the Common Market countries that no discrimination should be made against bananas from Latin America. (See section below on tropical products.)

Tin

In tin, the need today is for an increase in supplies coming onto the market, to hold prices down and avert the loss of markets which comes when high prices cause consumers to shift to substitutes. The buffer stock of the tin agreement was exhausted last summer and it has been chiefly through releases of small amounts of tin from U.S. Government inventories, in response to a request from the Tin Council, that runaway prices have been averted since that time. The Tin Council has voted to increase the price range of the agreement, on the theory that higher prices will stimulate increased supplies. Higher prices also, however, encourage the shift away from tin.

Although U.S. participation is not essential to the functioning of the agreement, we have been discussing terms of possible accession. The discussions are temporarily in abeyance, while the Council awaits fuller information as to our plans for the projected disposal from the national stockpile of up to 50,000 tons, now awaiting congressional approval. We will probably resume discussions on possible U.S. accession some time after Congress has acted.

Lead and zinc

Lead and zinc production became distorted in the postwar period by cessation of emergency and stockpile demand and changes in consumption patterns. The post-Korean readjustment put a heavy burden on the relatively high-cost mines of the Western States of the United States. When stockpile buying stopped in 1957, heavy excess stocks accumulated, mostly in the United States. Import quotas were established in 1958 under the escape clause to control this market disruption. At the same time steps were initiated to form the Lead and Zinc Study Group to try to cope with the problem by international action.

Most Latin Americans regard our lead and zinc quotas as a symbol of our lack of real cooperation. By this means the United States tried to export its problem to foreign producers. Our position has been that the burden of readjustment has been approximately shared between imports and domestic production.

The prospects for lead are poor. Zinc has a brighter future. Voluntary action by the Study Group has been too little and too late, but the United States intends to make another try to get cooperative action this year to reduce surplus stocks and improve prices.

The plan has been developed on the theory that compensatory credits are useful for offsetting the effects of cyclical fluctuations. If prices and sales of basic commodities are depressed for 1 or 2 years, but recover in subsequent years, much can be done to alleviate distress through compensatory credits. But if prices of basic commodities remain depressed for a long period, other solutions must be found.

There is to be a meeting of the U.N. Commission on International Commodity Trade (CICT) in May, and compensatory financing is the major item on the agenda. The OAS plan will be presented at that time for CICT consideration and action.

A message outlining the details of the OAS plan and its prospects is being sent to the field.

Stockpile disposal policy

Considerable interest in our surplus stockpile holdings of strategic and critical materials has developed as a result of the President's remarks of January 31, 1962, when he noted that the surpluses valued at $3.4 billion involved a questionable burden on public funds and were a potential source of excessive and unconscionable profits. The Senate Stockpile Subcommittee, under the chairmanship of Senator Symington, is conducting an investigation with the full cooperation of the administration, and as a partial result information on current inventories, objectives, and surpluses of most stockpiled materials has been declassified. This investigation, and the administration's review of its stockpile programs and policies, are part of the continuing effort to insure the most effective use of public funds for the purposes of national security and other governmental objectives.

As the President stated, he is well aware of the potential impact of U.S. stockpile policies on world markets, and of the heavy reliance of certain countries on one or more commodities. He, therefore, reaffirmed that the United States would take no action which would disrupt commodity prices.

APPENDIX 7

Land Tenure and Land Taxation in Latin America

STATEMENT OF THE EXECUTIVE BRANCH

Significant progress has already been achieved by a few countries in land redistribution, tenure rights, credit facilities for small farmers, and other aspects of land reform. Bolivia and Mexico are well along in programs initiated some years ago. Venezuela's impressive program under the Betancourt administration dates from 1958. Colombia has initiated a comprehensive program based upon legislation adopted in November 1961.

In Costa Rica and El Salvador legislation has been enacted and programs initiated, although the programs are more limited in scope. Proposals for land reform have recently been introduced in the legislatures of Brazil, Chile, Nicaragua and Peru. In other areas, including Ecuador, Honduras, and Panama, plans for land reform are in preparation.

In 1950, three-quarters of the rural population in Bolivia had no rights to the land on which it lived and worked. Between August 1953, when reform measures were instituted, and the end of 1961, about 175,000 titles to land have been issued to heads of families representing 35 to 40 percent of the total rural population. Of these titles, 71,000 were issued between August 1960 and December 1961.

Agrarian reform in Mexico has an extended history. From 1915 to 1961, more than 124 million acres of land were distributed by the Government. In many cases, however, the plots are too small to be economical. Water is often inadequate. Irrigation investments of the Government have been among the largest public investments in Mexican Federal budgets, 1941–61. Agricultural productivity has increased sharply in Mexico.

The Venezuelan program is perhaps the most ambitious of recent origin in Latin America. Thus far, close to 4 million acres have been distributed to some 44,000 families. The Government intends to settle another 75,000 families within the remaining 24 months of President Betancourt's 5-year term and to expand technical and supervisory services to the rural population. During 1961, the Venezuelan Government provided $18.6 million in credits to land settlers under the reform program, bringing the total for this purpose in 1959–61 to $75 million. Land reform represents only one portion of Venezuela's integrated approach to rural improvement. All aspects of agrarian reform—including land distribution, settlement assistance, and rural credits to campesinos, education, and other service—totaled $167 million in the 1960–61 budget, or about 10 percent of the total budget.

Specific measures taken by other countries represent important initial steps toward agrarian reform. Assisted by a loan from the International Bank for Reconstruction and Development, Costa Rica has had a program to finance land redistribution and resettlement since 1959. Legislation enacted in 1961 in El Salvador establishes minimum standards for rural labor and appears to receive general compliance. Measures have also been taken in El Salvador to improve credit facilities for small farmers. In 1961, the Bank of Brazil started a new system of extending credit to rural areas through mobile credit units visiting outlying areas which lack banking facilities. The State of São Paulo in 1961 imposed a progressive land tax to bring unused land into production and reduced land taxes on small- and medium-sized farms. Implementation of this law, however, has been held up because of a recent Federal transfer of the power to tax rural lands from the states to local governments.

In the opinion of AID officials, there is recognition throughout Latin America that wider ownership of land is essential. This is indicated by the increasing number of programs which have been initiated or are in preparation. Social and political pressures for distribution of land from large holdings near rural population centers are high, particularly in northeast Brazil, Chile, Colombia, the Peruvian Sierra region, and El Salvador. Even though some land reform measures start on a modest scale, it is anticipated that experience will bring about an acceleration in the programs.

The United States is encouraging this development through diplomatic channels and by assistance programs. A number of agricultural credit loans have recently been extended. Prompt action is being encouraged in land tenure, improved rural credit facilties, broadened extension activities, and other activities beneficial to the small farmers. It is expected that useful information and recommendations will emerge from a task force on land reform which was recently established by the Pan American Union. This task force is being financed from funds appropriated by the Congress for the Inter-American Program for Social Progress.

There is growing recognition of the importance of land taxation, both to increase Government revenues and to bring about the more rational use of land. Countries in the region are beginning to recognize the utility of this economic and social instrument. The action taken by the state of São Paulo, Brazil, has been noted above. Colombia has adopted a system of tax incentives designed to improve existing practices in land use. Panama has recently imposed a land-control

and ownership tax which graduates the tax levy as size of landholding increases. There are also—provisions in the Panama law for reassessment of real property. Late in 1961, Costa Rica established a progressive land tax with rates that vary according to the size of holding. The tax bears heaviest on uncultivated areas. In many countries cadastral surveys are now underway. These surveys should help to provide a basis for a more rational system of taxation in the agricultural sector and should also permit taxation of unused land on a reasonable basis. Much of the new land reform legislation provides that landowners' valuations for tax purposes shall be considered the true value of the land in the event that it is expropriated.

The committee has been provided three reports containing more detailed information on land reform and taxation. These are: (1) Agency for International Development, staff report, "Self-Help and Reform," March 1962; (2) Agency for International Development, staff report, "Tax Reform in Latin America Since Act of Bogotá," March 1962; (3) Inter-American Development Bank, "Social Progress Trust Fund; First Annual Report 1961," February 1962.

APPENDIX NO. 8

LETTER FROM THE DEPARTMENT OF STATE TO SENATOR J. W. FULBRIGHT CONCERNING EXPROPRIATION OF U.S. PRIVATE INVESTMENTS, WITH ATTACHMENT "MAJOR INSTANCES OF EXPROPRIATION OF PROPERTY BELONGING TO U.S. NATIONALS SINCE WORLD WAR II"

MAY 7, 1962.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Foreign Relations,
U.S. Senate.

DEAR MR. CHAIRMAN: In response to your request of May 1, 1962, for information concerning expropriation of foreign investments owned by U.S. nationals, enclosed is a list of major instances of such expropriation since World War II.

As to information on the questions specified in your letter, the list describes briefly the nature and ownership of property involved, the circumstances of the expropriation, possible discrimination, and the steps taken to effect settlement, either by the investor or by the U.S. Government. Complete answers could not be given to all the questions specified in your request because of the difficulty of compiling accurate information without lengthy, extensive research, or, in some instances, because of the lack of accurate information.

So far as is known, no complete list of expropriated property is maintained by any U.S. Government agency. Thus the enclosed list cannot be considered a complete record of all expropriations or actions of foreign governments affecting U.S. investments abroad for the period covered. Undoubtedly there have been cases quickly settled by the government and the investor involved without the Department of State being informed. Other cases, of which the Department may have been informed, have not been recorded for purposes of compilation nor collected for ready reference.

In most cases, the problem of evaluation of property taken is so complex that it is impossible to arrive at a definite figure which represents the inherent value of the property for purposes of com-

parison with the amount of compensation offered by the taking country. The amount of compensation is usually set by a process of detailed negotiation by the parties involved. Therefore, no figures representing value have been included in the list. However, there are indicative figures for some cases which may be useful to you. U.S. Government published statistics indicate that the wartime valuation of worldwide direct U.S. private investment was $7.4 billion. Of this amount, so valued, approximately $350 million was located in Eastern Europe and Communist China and seized without compensation, or approximately 5 percent. In Cuba, at the time when U.S. properties were seized, similar statistics show that the book value of direct private investment was $956 million. This is contrasted with $30 billion of direct U.S. private investment worldwide at that time. There are many other forms of American-owned property taken by the Government of Cuba which direct investment statistics do not cover. The Cuban expropriations are unquestionably the largest which have taken place in the period with which your request was concerned.

Assembling of information as the "nature, value and timeliness of compensation" provided by the taking government would require extensive examination of the records of each case of expropriation.

The enclosed list indicates only whether settlements were made, but the Department of State considers that the fact that a settlement is concluded acceptable to both sides is more significant than the initial terms offered by the taking government.

In response to your request for information to put the extent of expropriation in perspective, there is enclosed the latest edition of the Department of Commerce publication Survey of Current Business. Table 3, beginning on page 22, indicates the geographic areas and amounts of current U.S. private investment. Although based on somewhat older figures, the 1960 Department of Commerce publication U.S. Business Investments in Foreign Countries has a more detailed breakdown by country and type of investment. A copy of that publication is also enclosed. The Office of Business Economics of the Department of Commerce is prepared to cooperate in any special line of inquiry you may wish to pursue in this area. Finally, on this point, as you know applications for investment guarantees have greatly increased since the Cuban expropriations and the enactment of the new investment guaranty authorities. As a result, there were 484 applications for investment guarantees, amounting to $2,026,179,945, as of January 1, 1962, as opposed to 287 applications and $1,440,084,347 a year before.

It would be a difficult matter to characterize accurately "the significant trends regarding expropriation and compensation." Very generally, except for countries which embark on programs of full-scale socialization of their economies, completely repudiating the concept of private property, expropriation of foreign-owned property is relatively infrequent.

The pattern of expropriation, again with the exception of the completely socialized countries such as Cuba, has been the taking over by the Government of companies which have operated in the country concerned for a long period of time, which have held key positions in the economy of the country (tin in Bolivia, fruit in Guatemala, utilities in several countries), and which, in many cases, have become

politically vulnerable due to widespread resentment of long-held foreign economic power. As far as is known, there have been no expropriations of more recent U.S. investment abroad outside the completely socialized countries. The American & Foreign Power Co., and perhaps others, have initiated a policy of reinvesting in the same country the proceeds of expropriation settlements in other industries where foreign ownership is not so sensitive a matter.

Sincerely yours,

FREDERICK G. DUTTON,
Assistant Secretary
(For the Acting Secretary of State).

MAJOR INSTANCES OF EXPROPRIATION OF PROPERTY BELONGING TO U.S. NATIONALS SINCE WORLD WAR II

Like the United States, most countries maintain procedures for nationalization or expropriation of property for governmental or other public purposes. Where property of U.S. nationals is subjected to such procedures abroad, the Department of State would not ordinarily become involved unless the taking or provision for compensation did not comply with international law standards, and the adversely affected U.S. national complained. Consequently, a number of expropriation actions are not reported at all or, if reported, are not recorded for purposes of compilation nor collected for ready reference. So far as is known, no complete list is maintained by any U.S. Government agency.

Subject to the foregoing qualification, the list below does include the major instances of expropriation in the period since the end of World War II. A case-by-case breakdown could not be prepared without extremely extensive and time-consuming research.

1945–50

Eastern Europe: General nationalization of land and business properties including U.S.-owned property in Yugoslavia, Poland, Czechoslovakia, Bulgaria, Rumania, and Hungary.

Settlement:

Claims agreement between United States and Yugoslavia, July 19, 1948—lump sum settlement.

Claims agreement between United States and Rumania, March 30, 1960—lump sum settlement.

Claims agreement between United States and Poland, July 16, 1960—lump sum settlement.

Claims of U.S. nationals against Czechoslovakia, Bulgaria, and Hungary have been paid in part out of vested assets of respective countries in United States by legislation: International Claims Settlement Act of 1949, as amended, title III (Public Law 285, 84th Cong.—Hungary, Bulgaria, Rumania) and title IV (Public Law 85–604—Czechoslovakia).

Communist China: General nationalization of land and business properties, including U.S.-owned property. United States does not maintain diplomatic relations.

Settlement: None concluded.

October 31, 1952

Bolivia: Nationalized tin mines including the Patino interests of which one company was partially owned by U.S. stockholders. None of nationalized companies incorporated in United States.

Settlement: Interim payments pending final settlement made to U.S. stockholders out of proceeds of tin sales under agreement between Bolivia and Patino interests in 1953, renewed in 1956. Final settlement now under negotiation between company and government.

March 5, 1953

Guatemala: Expropriation of 234,000 acres of subsidiary of United Fruit Co. for purposes of agrarian reform.

Settlement: United States submitted formal claim against Guatemala after company exhausted local remedies, but expropriation was rescinded by new government which took power in 1954.

July 26, 1956

United Arab Republic: Nationalization of Suez Canal Co. which had some U.S. stock ownership.

Settlement: Compensation agreement signed July 13, 1958, by United Arab Republic and representatives of stockholders. International Bank afforded good offices in negotiations between United Arab Republic and stockholders.

July 7, 1958

Argentina: Municipal government of Toberia in Buenos Aires province expropriated subsidiary of American & Foreign Power Co. (ANSEC).

Settlement: Overall settlement between Government and company for this property and other properties expropriated, seized and intervened previously by local governments in Argentina made November 28, 1958, with all American & Foreign Power electric facilities in Argentina transferred to Argentine Government. Settlement contract called for court evaluation of properties which was issued April 26, 1961, and accepted by company.

December 26, 1958

Yugoslavia: Nationalization of urban dwellings, business premises and underdeveloped building lots, including U.S.-owned property.

Settlement: United States and Yugoslavia have agreed to begin negotiations soon for settlement of claims arising after 1948.

May 11, 1959

Brazil: Governor of Rio Grande de Sul issued order expropriating American & Foreign Power Co. holdings in state.

Settlement: Case now pending in Brazilian courts.

June 3, 1959

Cuba: Agarian reform law provided for expropriation of estates over a certain size including U.S.-owned sugar planations. U.S. note to Cuban Government protested inadequate provision for compensation.

Settlement: None concluded to date.

July 5, 1960

Cuba: Law authorized nationalization of all U.S.-owned properties to be carried out as applied to particular properties by subsequent decrees. Law was in specific retaliation against United States cutting Cuban sugar quota. Probably all or nearly all U.S.-owned property in Cuba has been taken under this or other expropriation law. Several U.S. notes to Cuban Government protested discrimination and inadequate provision for compensation.

Settlement: None concluded to date.

1962

Brazil: Governor of Rio Grande de Sul expropriated International Telephone & Telegraph properties in that State.

Settlement: Presently under negotiation between company and Government.

Ceylon: Requisition of certain assets of oil companies, including American.

Settlement: Formal note from Ceylon Government received stating its intention to make prompt and effective compensation for all assets requisitioned.

1945–62

Mexico: From time to time Mexico expropriates U.S.-owned, and other, property under its agrarian reform program.

Settlement: While there has been no overall settlement of claims, there have been isolated instances of individual settlements.

○

Calendar No. 1495

87TH CONGRESS
2D SESSION

S. 2996

[Report No. 1535]

IN THE SENATE OF THE UNITED STATES

MARCH 14, 1962

Mr. FULBRIGHT (by request) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

MAY 28 (legislative day, MAY 25), 1962

Reported by Mr. MANSFIELD (for Mr. FULBRIGHT), with amendments

[Omit the part struck through and insert the part printed in italic]

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1962".

PART I—ACT FOR INTERNATIONAL DEVELOPMENT OF 1961

CHAPTER 1—SHORT TITLE AND POLICY

SEC. 101. Section 102 of the Foreign Assistance Act of 1961, as amended, containing a statement of policy, is

amended by inserting the following sentence at the end of the sixth paragraph: "It is further the sense of Congress that support for the peaceful uses of atomic energy should be continued, in furtherance of the purposes of this part."

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

SEC. 102. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

(a) In section 211(a), which relates to general authority, strike out "In so doing" in the second sentence and substitute "In furnishing assistance to countries and areas under this title".

(b) In section 212, which relates to authorization, strike out "1962" and "$380,000,000" and substitute "1963" and "~~$335,000,000~~ *$300,000,000*", respectively.

(c) Strike out section 213, which relates to atoms for peace.

TITLE III—INVESTMENT GUARANTIES

SEC. 103. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221(b) which relates to general authority, as follows:

(1) In paragraph (1) strike out "$1,000,000,000" in the proviso and substitute "$1,300,000,000".

(2) In paragraph (2) strike out "$90,000,000" in the third proviso and substitute "$180,000,000".

(b) Amend section 222, which relates to general provisions, as follows:

(1) In subsection (d) insert ", and out of funds made available pursuant to this title" before the period.

(2) Add the following new subsection (f):

"(f) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1963 to carry out the purposes of this title not to exceed $100,000,000, which shall remain available until expended."

(c) Amend section 224, which relates to housing projects in Latin American countries, as follows:

(1) In subsection (b) strike out "$10,000,000" in the second sentence and substitute "$60,000,000".

(2) In subsection (c) strike out "and (e)" and substitute "(e), and (f)".

TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

SEC. 104. Section 232 of the Foreign Assistance Act of 1961, as amended, which relates to surveys of investment

opportunities, is amended by striking out "1962" and substituting "1963".

ALLIANCE FOR PROGRESS

SEC. 105. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development assistance, is amended by adding at the end a new title VI, as follows:

"TITLE VI—ALLIANCE FOR PROGRESS

"SEC. 251. GENERAL AUTHORITY.—(a) It is the sense of the Congress that the historic, economic, political, and geographic relationships among the American peoples and Republics are unique and of special significance and that the alliance for progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relationships among them. Accordingly, the President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

"(b) Assistance furnished under this title shall be directed toward the development of human as well as economic resources. In furnishing assistance to countries and areas under this title, the President shall take into account (1) the principles of the Act of Bogotá and the Charter of Punta

del Este, and in particular the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives; and (4) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved. In making loans under this title from funds which are required to be used for loans payable as to principal and interest in United States dollars, the President shall take into account, in addition to the considerations named in the preceding sentence, whether financing could be obtained in whole or in part from other free world sources on reasonable terms. The provisions of sections 201 (d), 202 (b), 202 (c), and 204 shall be applicable to such loans, and they shall be made only upon a finding of reasonable prospects of repayment.

"(c) The authority of section 614 (a) may not be used to waive the requirements of this title with respect to funds made available for this title which are required to be used for loans payable as to principal and interest in United States

dollars, and the authority of section 610 may be used to transfer such funds only to funds made available for title I of chapter 2 of part I.

"(d) In order to carry out the policies of this Act and the purpose of this title, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to insuring a wider and more equitable distribution of the ownership of land.

~~"SEC. 252. AUTHORIZATION.—There is hereby authorized to be appropriated from time to time to the President for the purposes of this title not to exceed a total of $3,000,000,000 for use, in addition to other funds available for such purposes, beginning in any of the fiscal years 1963 through 1966, which is authorized to remain available until expended, of which not to exceed $600,000,000 may be appropriated for use beginning in fiscal year 1963: *Provided*, That of the funds appropriated pursuant to this section for use beginning in fiscal year 1963, not to exceed $100,000,000 may be used for assistance on terms other than loans payable as to principal and interest in United States dollars.~~

"SEC. 252. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, not to exceed $600,000,000 for use beginning in the

fiscal year 1963 and not to exceed $800,000,000 for use beginning in each of the fiscal years 1964 through 1966, which sums are authorized to remain available until expended and which, except for not to exceed $100,000,000 of the funds appropriated pursuant to this section for use beginning in the fiscal year 1963, shall be available only for loans payable as to principal and interest in United States dollars."

~~"SEC. 253. FISCAL PROVISIONS.—All receipts in United States dollars from loans made under this title and from loans made for the benefit of countries and areas of Latin America under title I of chapter 2 of part I of this Act, notwithstanding section 203, shall be available for use for loans payable as to principal and interest in United States dollars in furtherance of the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended."~~

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 106. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out "1962" and "$153,500,000" and substituting "1963" and "$148,900,000", respectively.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 107. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out "1962" and "$465,000,000" and substituting "1963" and "~~$481,500,000~~ *$400,000,000*", respectively.

CHAPTER 5—CONTINGENCY FUND

SEC. 108. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended ~~as follows:~~

~~(a) Amend subsection (a)~~ by striking out "1962" and ~~"$300,000,000" and~~ substituting "1963" ~~and "$400,000,000", respectively~~.

~~(b) Amend subsection (b) by striking out "keep" and substituting "provide quarterly reports to" and by striking out "currently informed of" and substituting "on".~~

PART II—INTERNATIONAL PEACE AND SECURITY ACT OF 1961

CHAPTER 2—MILITARY ASSISTANCE

SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) In section 507 (a), which relates to sales, insert "not less than" before "the value" in the first sentence.

(b) In section 510(a), which relates to special authority, strike out "1962" in the first and second sentences and substitute "1963".

(c) In section 511(b), which relates to restrictions on military aid to Latin America, strike out "military assistance programs" and insert "grant programs of defense articles".

PART III

Chapter 1—General Provisions

Sec. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) In section 606, which relates to patents and technical information, strike out subsection (c).

(b) In section 610, which relates to transfers between accounts, designate the present language as subsection (a) and add the following new subsection:

"(b) The authority contained in this section and in sections 451, 510, and 614 shall not be used to augment appropriations made available pursuant to sections 636(g)(1) and 637 or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses."

~~(b)~~ *(c)* In section 611 (a), which relates to completion of plans and cost estimates, strike out "and II" and substitute ", II, and VI".

~~(c)~~ *(d)* Strike out section 618, which relates to economic assistance to Latin America, and substitute a new section 618 as follows:

"SEC. 618. USE OF SETTLEMENT RECEIPTS.—United States dollars directly paid to the United States under the Agreement Between the United States of America and Japan Regarding the Settlement of Postwar Economic Assistance to Japan may be appropriated or otherwise made available to the President in any appropriation Act, within the limitations of part I of this Act, to carry out the provisions of that part."

(e) In section 620, which relates to restrictions on assistance to certain countries, add the following new subsections:

"(e) In any case in which the President determines that a nation or a political subdivision thereof has hereafter (1) nationalized, expropriated, or otherwise seized the ownership or control of the property of United States citizens or entities referred to in section 221(b), or (2) imposed upon or enforced against such property or the owners thereof discriminatory taxes or other exactions, or restrictive maintenance or

operational conditions not imposed or enforced with respect to property of a like nature owned or operated by its own nationals or the nationals of any government other than the Government of the United States, and has failed within six months following the taking of action in either of such categories to take steps determined by the President to be appropriate and adequate to remedy such situation and to discharge its obligations under international law toward such citizens and entities, including the prompt payment in convertible foreign exchange to the owner or owners of such property so nationalized, expropriated, or otherwise seized, or to arrange, with the agreement of the parties concerned, for submitting the question in dispute to arbitration or conciliation in accordance with procedures under which a final and binding decision or settlement will be reached and full payment or arrangements with the owners for such payment made within twelve months following such submission, the President shall suspend assistance under this Act to such nation until he is satisfied that appropriate steps are being taken.

"(f) Assistance to India under this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, during the fiscal year 1963 shall not exceed the value of funds obligated or committed for such assistance during the fiscal year 1962."

CHAPTER 2—ADMINISTRATIVE PROVISIONS

SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

(a) In section 621, which relates to exercise of functions, delete "(a)" and strike out subsections (b), (c), (d), and (e).

(b) Amend section 624, which relates to statutory officers, by striking out subsection (d) and redesignating subsection (e) as subsection "(d)", inserting in paragraph 2(A) of redesignated subsection (d) ", and programs being conducted by United States Government agencies under Public Law 86–735," after "Peace Corps", and inserting in paragraphs (5) and (7) of redesignated subsection (d) ", and Public Law 86–735" after "part II of this Act".

(c) Amend section 625, which relates to employment of personnel, as follows:

(1) In subsection (b) strike out "seventy-six" in the first sentence and substitute "one hundred and ~~fifty~~ *twenty-five*".

(2) In subsection (d) add the following proviso before the period at the end of paragraph (2): ": *Provided further*, That, whenever the President determines it to be important for the purposes of this Act, the President may initially assign personnel under this para-

graph for duty within the United States for a period not to exceed ~~two years~~ *one year* pending assignment outside the United States."

~~(d) In section 634(d), which relates to reports and information, strike out "twelve months" in the first sentence and substitute "fiscal year".~~

(d) In section 629(b), which relates to status of personnel detailed, strike out "624(e)" in the first sentence and substitute "624(d)".

(e) In section 635 (h), which relates to general authorities, strike out "and V" and substitute ", V, and VI" and strike out "made".

(f) Amend section 637, which relates to administrative expenses, as follows:

(1) In subsection (a) strike out "1962" and "$50,000,000" and substitute "1963" and "$55,000,000", respectively.

(2) In subsection (b) strike out "to the Secretary of State".

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 303. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended as follows:

(a) Section 643, which relates to saving provisions, is amended by striking out subsection (d).

(b) Section 644(m), which relates to definitions, is amended by striking out "as grant assistance" in subparagraphs (2) and (3).

(c) Section 645, which relates to unexpended balances, is amended by inserting "this Act or" after "pursuant to".

PART IV—AMENDMENTS TO OTHER LAWS

SEC. 401. Part IV of the Foreign Assistance Act of 1961, as amended, is repealed, which repeal shall not be deemed to affect amendments contained in such part.

~~SEC. 402. Section 5(f) of the International Health Research Act of 1960 (22 U.S.C. 2103(f)) is amended by adding a new final sentence as follows: "The President may delegate any authority vested in him by this section to such other officer or head of agency of the United States Government as he deems appropriate."~~

SEC. ~~403~~ *402*. Section 2 of the Act of August 1, 1956 (70 Stat. 890), as amended, is further amended by adding the following new paragraph:

"(b) For the purpose of promoting and maintaining friendly relations with foreign countries through the prompt settlement of certain claims, settle and pay any meritorious claim against the United States which is presented by a government of a foreign country for damage to or loss of real or personal property of, or personal injury to or death of, any national of such foreign country: *Provided*, That such

claim is not cognizable under any other statute or international agreement of the United States and can be settled for not more than $15,000 or the foreign currency equivalent thereof."

SEC. 403. Section 102(a)(3) of the Mutual Educational and Cultural Exchange Act of 1961 (Public Law 87-256, approved September 21, 1961) is hereby amended by inserting the word "abroad" after the word "expositions".

PART V—MIGRATION AND REFUGEE ASSISTANCE PROGRAMS

SEC. 501. This part may be cited as the "Migration and Refugee Assistance Act of 1962".

SEC. 502. (a) The President is hereby authorized to continue membership for the United States in the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of refugees and migrants and to enhance the economic progress of the developing countries by providing for a coordinated supply of selected manpower, there are hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee for the effectuation of its purposes, and all necessary salaries and expenses incident to United States participation in the Committee.

(b) There are hereby authorized to be appropriated such amounts as may be necessary from time to time—

(1) for contributions to the activities of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate or in behalf of whom he is exercising his good offices;

(2) for assistance to or in behalf of refugees designated by the President (by class, group, or designation of their respective countries of origin or areas of residence) when the President determines that such assistance will contribute to the defense, or to the security, or to the foreign policy interests of the United States;

(3) for assistance to or in behalf of refugees in the United States whenever the President shall determine that such assistance would be in the interest of the United States: Provided, That the term "refugees" as herein used means aliens who (A) because of persecution or fear of persecution on account of race, religion, or political opinion, fled from a country of the Western Hemisphere; (B) cannot return thereto because of fear of persecution on account of race, religion, or political opinion; and (C) are in urgent need of assistance for the essentials of life;

(4) for assistance to State or local public agencies

providing services for substantial numbers of individuals who meet the requirements of paragraph (3) (other than clause (C) thereof) for (A) health services and educational services to such individuals, and (B) special training for employment and services related thereto;

(5) for transportation to, and resettlement in, other areas of the United States of individuals who meet the requirements of paragraph (3) (other than clause (C) thereof) and who, having regard for their income and other resources, need assistance in obtaining such services; and

(6) for establishment and maintenance of projects for employment or refresher professional training of individuals who meet the requirements of paragraph (3) (other than clause (C) thereof) and who, having regard for their income and resources, need such employment or need assistance in obtaining such retraining.

(c) Whenever the President determines it to be important to the national interest, not exceeding $10,000,000 in any fiscal year of the funds made available for use under the Foreign Assistance Act of 1961, as amended, may be transferred to, and consolidated with, funds made available for this part in order to meet unexpected urgent refugee and migration needs.

(d) The President shall keep the appropriate committees of Congress informed of the use of funds and the exercise of functions authorized in this part.

(e) Unexpended balances of funds made available under authority of the Mutual Security Act of 1954, as amended, and of the Foreign Assistance Act of 1961, as amended, and allocated or transferred for the purposes of sections 405(a), 405(c), 405(d), and 451(c) of the Mutual Security Act of 1954, as amended, are hereby authorized to be continued available for the purposes of this section and may be consolidated with appropriations authorized by this section. Funds appropriated for the purposes of this section shall remain available until expended.

SEC. 503. (a) In carrying out the purposes of this part, the President is authorized—

(1) to make loans, advances, and grants to, make and perform agreements and contracts with, or enter into other transactions with, any individual, corporation, or other body of persons, Government or Government agency, whether within or without the United States, and international and intergovernmental organizations; and

(2) to accept and use money, funds, property, and services of any kind made available by gift, devise, bequest, grant, or otherwise for such purposes.

(b) Whenever the President determines it to be in furtherance of the purposes of this part, the functions authorized under this part may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951 (65 Stat. 7), as amended) regulating the making, performance, amendment, or modification of contracts and the expenditure of funds of the United States Government as the President may specify.

SEC. 504. (a) The President is authorized to designate the head of any department or agency of the United States Government, or any official thereof who is required to be appointed by the President by and with the advice and consent of the Senate, to perform any functions conferred upon the President by this part. If the President shall so specify, any individual so designated under this subsection is authorized to redelegate to any of his subordinates any functions authorized to be performed by him under this subsection, except the function of exercising the waiver authority specified in section 503(b) of this part.

(b) The President may allocate or transfer to any agency of the United States Government any part of any funds available for carrying out the purposes of this part. Such funds shall be available for obligation and expenditure for the purposes for which authorized in accordance with authority granted in this part or under authority governing the activities

of the agencies of the United States Government to which such funds are allocated or transferred. Funds allocated or transferred pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

SEC. 505. (a) Funds available for the purposes of this part shall be available for—

(1) compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purpose of this part, and without regard to the provisions of any other law, for printing and binding, and for expenditures outside the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of funds of the United States Government as may be necessary to accomplish the purposes of this part;

(2) employment or assignment of Foreign Service Reserve officers for the duration of operations under this part;

(3) exchange of funds without regard to section 3651 of the Revised Statutes (31 U.S.C. 543), and loss by exchange;

(4) expenses authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), not otherwise provided for;

(5) expenses authorized by the Act of August 1, 1956 (70 Stat. 890–892), as amended; and

(6) all other expenses determined by the President to be necessary to carry out the purposes of this part.

(b) Except as may be expressly provided to the contrary in this part, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law repealed by this part shall continue in full force and effect until modified, revoked, or superseded under the authority of this part.

SEC. 506. Subsections (a), (c), and (d) of section 405 of the Mutual Security Act of 1954, as amended, subsection (c) of section 451 of the said Act, and the last sentence of section 2(a) of the Act of July 14, 1960 (74 Stat. 504), are hereby repealed.

SEC. 507. Until the enactment of legislation appropriating funds for activities under this part, such activities may be conducted with funds made available under section 451 (a) of the Foreign Assistance Act of 1961, as amended.

Calendar No. 1495

87TH CONGRESS
2D SESSION

S. 2996

[Report No. 1535]

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

By Mr. FULBRIGHT

MARCH 14, 1962

Read twice and referred to the Committee on Foreign Relations

MAY 28 (legislative day, MAY 25), 1962

Reported with amendments

87TH CONGRESS
2D SESSION

H. R. 11921

IN THE HOUSE OF REPRESENTATIVES

MAY 28, 1962

Mr. MORGAN introduced the following bill; which was referred to the Committee on Foreign Affairs

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1962".

PART I—ACT FOR INTERNATIONAL DEVELOPMENT OF 1961

CHAPTER 1—SHORT TITLE AND POLICY

SEC. 101. The fifth paragraph of section 102 of the Foreign Assistance Act of 1961, as amended, containing a statement of policy, is amended by inserting in the fifth para-

graph, immediately after "religion.", the following: "The Congress further declares that any attempt by foreign nations to make distinctions between American citizens because of race, color, or religion in the granting of personal or commercial access or in the exercise of any other rights available to American citizens, or the use by any foreign nation of assistance made available by the United States to carry out any program or activity of such nation in the course of which discrimination is practiced against any citizen of the United States by reason of his race, color, or religion is repugnant to our principles; and in all negotiations with any foreign nation with respect to any funds appropriated under authority of this Act, these principles shall be applied. The Secretary of State shall report annually on the measures taken to apply the principles stated above."

Chapter 2—Development Assistance

title ii—development grants and technical cooperation

Sec. 102. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

(a) In section 211, which relates to general authority, add a new subsection (c) as follows:

"(c) Not to exceed $1,000,000 of the funds made avail-

able for the purposes of this section in any fiscal year may be used for programs designed to promote the peaceful uses of atomic energy outside the United States and such programs may be carried out only in accordance with the requirements of this section."

(b) In section 212, which relates to authorization, strike out "1962" and "$380,000,000" and substitute "1963" and "$300,000,000", respectively.

(c) Strike out section 213, which relates to atoms for peace.

TITLE III—INVESTMENT GUARANTIES

SEC. 103. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221 (b), which relates to general authority, as follows:

(1) In paragraph (1) strike out "$1,000,000,000" in the proviso and substitute "$1,300,000,000".

(2) In paragraph (2) strike out "of not to exceed 75 per centum of any investment" and substitute "in whole or in part of any loan investment for housing projects or assuring against loss of not to exceed 75 per centum of any other investment,", and strike out "$90,000,000" in the third proviso and substitute "$180,000,000".

(b) Amend section 222, which relates to general provisions, as follows:

(1) In subsection (d) insert ", and out of funds made available pursuant to this title" before the period.

(2) Add the following new subsection (f):

"(f) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1963 to carry out the purposes of this title not to exceed $100,000,000 which shall remain available until expended."

(c) Amend section 224, which relates to housing projects in Latin American countries, as follows:

(1) In subsection (b) strike out "$10,000,000" in the second sentence and substitute "$60,000,000".

(2) In subsection (c) strike out "and (e)" and substitute "(e), and (f)".

TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

SEC. 104. Section 232 of the Foreign Assistance Act of 1961, as amended, which relates to surveys of investment opportunities, is amended by striking out "1962" and "$5,000,000" and substituting "1963" and "$1,500,000", respectively.

ALLIANCE FOR PROGRESS

SEC. 105. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development

assistance, is amended by adding at the end a new title VI, as follows:

"TITLE VI—ALLIANCE FOR PROGRESS

"SEC. 251. GENERAL AUTHORITY.—(a) It is the sense of the Congress that the historic, economic, political, and geographic relationships among the American peoples and Republics are unique and of special significance and that the Alliance for Progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relationships among them. It is further the sense of Congress that vigorous measures by the countries and areas of Latin America to mobilize their own resources for economic development and to adopt reform measures to spread the benefits of economic progress among the people are essential to the success of the Alliance for Progress and to continued significant United States assistance thereunder. The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

"(b) Assistance furnished under this title shall be directed toward the development of human as well as economic resources. In furnishing assistance under this title, the President shall take into account (1) the principles of

the Act of Bogotá and the Charter of Punta del Este and, in particular, the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives; and (4) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved. In making loans under this title from funds which are required to be used for loans payable as to principal and interest in United States dollars, the President shall take into account, in addition to the considerations named in the preceding sentence, whether financing could be obtained in whole or in part from other free world sources on reasonable terms. The provisions of sections 201 (d), 202 (b), 202 (c), and 204 shall be applicable to such loans, and they shall be made only upon a finding of reasonable prospects of repayment.

"(c) The authority of section 614 (a) may not be used to waive the requirements of this title with respect to funds made available for this title which are required to be used for loans payable as to principal and interest in United

States dollars, and the authority of section 610 may be used to transfer such funds only to funds made available for title I of chapter 2 of part I.

"(d) In order to carry out the policies of this Act and the purpose of this title, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to insuring a wider and more equitable distribution of the ownership of land.

"SEC. 252. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, for use beginning in each of the fiscal years 1963 through 1966, not to exceed $600,000,000 for each such fiscal year which sums are authorized to remain available until expended and which, except for not to exceed $100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1963, shall be available only for loans payable as to principal and interest in United States dollars. In presenting requests to the Congress for authorizations for appropriations for fiscal years 1964 through 1966 to carry out other programs under this Act, the President shall also present the program proposed to be carried out from funds appropriated pursuant to the authorization contained in this section for the respective fiscal year.

"SEC. 253. FISCAL PROVISIONS.—All receipts in United States dollars from loans made under this title and from loans made for the benefit of countries and areas of Latin America under title I of chapter 2 of part I of this Act, notwithstanding section 203, shall be available for use for loans payable as to principal and interest in United States dollars in furtherance of the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended."

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 106. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out "1962" and "$153,500,000" and substituting "1963" and "$148,900,000", respectively.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 107. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out "1962" and "$465,000,000" and substituting "1963" and "$440,000,000", respectively.

CHAPTER 5—CONTINGENCY FUND

SEC. 108. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended as follows:

(a) Amend subsection (a) by striking out "1962" and "$300,000,000" and substituting "1963" and "$275,000,000", respectively.

(b) Amend subsection (b) by striking out "keep" and substituting "provide quarterly reports to" and by striking out "currently informed of the use" and substituting "on the programing and the obligation".

Chapter 6—Assistance to Agrarian Economies

Sec. 109. Section 461 of the Foreign Assistance Act of 1961, as amended, which relates to assistance to countries having agrarian economies, is amended by adding at the end thereof the following: "In such country emphasis shall be placed also upon programs of community development which will promote stable and responsible governmental institutions at the local level."

PART II—INTERNATIONAL PEACE AND SECURITY ACT OF 1961

Chapter 2—Military Assistance

Sec. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) In section 506, which relates to conditions of eligibility, add the following new subsection:

"(c) Any country which hereafter uses defense articles

or defense services furnished such country under this Act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance Act where such use is in violation of the provisions of this chapter or any agreements entered into pursuant to any of such Acts shall be immediately ineligible for further assistance."

(b) In section 507 (a), which relates to sales, insert "not less than" before "the value" in the first sentence.

(c) In section 507 (b), add a new sentence to read as follows: "No sales of unclassified defense articles shall be made to the government of any economically developed nation under the provisions of this subsection unless such articles are not generally available for purchase by such nations from commercial sources in the United States: *Provided, however,* That the Secretary of Defense may waive the provisions of this sentence when he determines that the waiver of such provisions is in the national interest."

(d) In section 510 (a), which relates to special authority, strike out "1962" in the first and second sentences and substitute "1963".

PART III

Chapter 1—General Provisions

Sec. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) In section 611(a), which relates to completion of plans and cost estimates, strike out "and II" and substitute ", II, and VI".

(b) Strike out section 618, which relates to economic assistance to Latin America, and substitute a new section 618 as follows:

"SEC. 618. USE OF SETTLEMENT RECEIPTS.—United States dollars directly paid to the United States under the Agreement Between the United States of America and Japan Regarding the Settlement of Postwar Economic Assistance to Japan may be appropriated or otherwise made available to the President in any appropriation Act, within the limitations of part I of this Act, to carry out the provisions of that part."

(c) In section 620(c), which relates to prohibitions against furnishing assistance to governments indebted to American citizens, insert "or ordered" after "furnished". insert "either" after "remedies and", and immediately before the period at the end thereof insert "or indebtedness arises under an unconditional guaranty of payment given by such government or any predecessor government".

(d) In section 620, which relates to restrictions on assistance to certain countries, add the following new subsection:

"(e) The President shall suspend assistance to the

government of any country to which assistance is provided under this Act when the government of such country or any governmental agency within such country—

"(1) nationalizes or expropriates or seizes the ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

"(2) imposes or enforces discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country fails within a reasonable time (not more than six months) to take appropriate steps to discharge its obligations toward such citizen or entity, including equitable and speedy compensation for such property in convertible foreign exchange, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be, unless the President determines such suspension to be inconsistent with the national interest, and such suspension shall continue until he is satisfied that appropriate steps are being taken."

CHAPTER 2—ADMINISTRATIVE PROVISIONS

SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

(a) In section 621, which relates to exercise of functions, delete "(a)" and strike out subsections (b), (c), (d), and (e).

(b) Amend section 624, which relates to statutory officers, by striking out subsection (d) and redesignating subsection (e) as subsection "(d)", inserting in paragraph 2(A) of redesignated subsection (d) ", and programs being conducted by United States Government agencies under Public Law 86–735," after "Peace Corps", and inserting in paragraphs (5) and (7) of redesignated subsection (d) ", and Public Law 86–735" after "part II of this Act".

(c) Amend section 625, which relates to employment of personnel, as follows:

(1) In subsection (b) strike out "seventy-six" in the first sentence and substitute "one hundred".

(2) In subsection (d) add the following proviso before the period at the end of paragraph (2): ": *Provided further,* That, whenever the President determines it to be important for the purposes of this Act, the Presi-

dent may initially assign personnel under this paragraph for duty within the United States for a period not to exceed two years for the purpose of preparation for assignment outside the United States; however, the authority contained in this proviso may not be exercised with respect to more than thirty persons in the aggregate."

(d) In section 629 (b), which relates to status of personnel detailed, strike out "624 (e)" in the first sentence and substitute "624 (d)".

(e) (1) In section 634 (d), which relates to reports and information, strike out "In January of each year" and "preceding twelve months" in the first sentence and substitute "At the end of each fiscal year" and "fiscal year" respectively.

(2) After the first sentence of such section 634 (d) insert the following: "There shall also be included in the presentation material submitted to the Congress during its consideration of amendments to this Act, or of any Act appropriating funds pursuant to authorizations contained in this Act, a comparison of the current fiscal year programs and activities with those presented to the Congress in the previous year and an explanation of any changes."

(f) In section 635 (h), which relates to general authorities, strike out "and V" and substitute ", V, and VI" and strike out "made".

(g) In section 637 (a), which relates to administrative expenses, strike out "1962" and substitute "1963".

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 303. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended as follows:

(a) Section 643, which relates to saving provisions, is amended by striking out subsection (d).

(b) Section 644 (m), which relates to definitions, is amended by striking out "as grant assistance" in subparagraphs (2) and (3).

(c) Section 645, which relates to unexpended balances, is amended by inserting "this Act or" after "pursuant to".

PART IV—AMENDMENTS TO OTHER LAWS

SEC. 401. Part IV of the Foreign Assistance Act of 1961, as amended, is repealed, which repeal shall not be deemed to affect amendments contained in such part.

SEC. 402. Section 2 of the Act of August 1, 1956 (70 Stat. 890), as amended, is further amended by adding after paragraph (a) the following new paragraph:

"(b) for the purpose of promoting and maintaining friendly relations with foreign countries through the prompt settlement of certain claims, settle and pay any meritorious claim against the United States which is presented by a government of a foreign country for damage to or loss of

real or personal property of, or personal injury to or death of, any national of such foreign country: *Provided,* That such claim is not cognizable under any other statute or international agreement of the United States and can be settled for not more than $15,000 or the foreign currency equivalent thereof."

SEC. 403. The first section of the Act entitled "An Act to authorize participation by the United States in the Interparliamentary Union", approved June 28, 1935, as amended (22 U.S.C. 276), is amended by adding at the end thereof the following: "Not less than two of the principal delegates to each of the Conferences of the Interparliamentary Union shall be members of the House Committee on Foreign Affairs, and not less than two of such delegates shall be members of the Senate Committee on Foreign Relations."

87TH CONGRESS
2D SESSION

H. R. 11921

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

By Mr. MORGAN

MAY 28, 1962
Referred to the Committee on Foreign Affairs

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For information only; should not be quoted or cited)

Issued May 31, 1962
For actions of May 29, 1962
87th-2d, No. 86

CONTENTS

Adjournment.....13
Budget.....9
Farm program.....14
Federal aid.....18
Foreign aid.....6
Foreign trade.....11
Forestry.....15
Homesteads.....8,17
Loans.....3
National economy.....9
Public facilities.....3
Reclamation.....2
Recreation.....7,19
Soviet agriculture.....12
Tobacco.....10
Transportation.....5
Turkeys.....1
Waters resources.....4
Wetlands.....14
Wilderness.....16
Wildlife.....14

HIGHLIGHTS: Sen. Williams, Del., criticized loans to turkey producers. Senate made foreign aid bill unfinished business.

SENATE

1. TURKEYS. Sen. Williams, Del., criticized increased loans to turkey producers by various Federal agencies, stated that this Department "which has been pouring out millions to finance the overproduction of the turkey and poultry industries, is now asking the farmers to vote in favor of strict Government controls over production," and inserted a table showing Federal Land Bank loans to turkey producers. pp. 8809-10

2. RECLAMATION. Concurred in the House amendment to S. 107, to authorize the Secretary of the Interior to construct the Navajo Indian Irrigation project and the initial stage of the San Juan-Chama project as participating projects of the Colorado River Storage project. This bill will now be sent to the President. pp. 8789-92

3. LOANS. Passed as reported S. 3327, to make certain Federally impacted areas eligible for assistance under the public facility loan program. p. 8796

4. WATER RESOURCES. Agreed to without amendment S. Res. 342, authorizing the printing as a document, "Policies, Standards, and Procedures in the Formulation, Evaluation, and Review of Plans for Use and Development of Water and Related Land Resources." p. 8797

5. TRANSPORTATION. Passed as reported S. 3016, to establish new loadlines regulations for oceangoing and coastwise vessels. pp. 8797-8

6. FOREIGN AID. S. 2996, the foreign aid bill for 1962, was made the unfinished business (p. 8802). This bill was reported with amendments 5-28 (S. Rept. 1535).
   Sen. Proxmire submitted and discussed a proposed amendment to this bill, S. 2996, to suspend foreign aid to Yugoslavia. pp. 8811-3

7. OUTDOOR RECREATION. Sen. Miller urged close cooperation between this Department and the Bureau of Outdoor Recreation, Department of the Interior, in activities relating to outdoor recreational activities and inserted an editorial, "An Outdoor Recreation Bureau." p. 8771

8. HOMESTEADS. Sen. Hickenlooper commended the centennial celebration of the Homestead Act. pp. 8763-4

9. NATIONAL ECONOMY. Sen. Humphrey defended the Administration's economic program against recent attacks, including charges that it has "an inadequate economic program to sustain the recovery of our economy," and praised the programs in several fields, including agriculture, forestry, and the budget. pp. 8815-24

10. TOBACCO. Sen. Neuberger urged stricter control on cigarette advertising, stating that the "continued unrestricted advertisement of cigarettes in effect acts as an implied warranty that cigarettes are not harmful," and inserted several items to support her position. pp. 8785-8

11. FOREIGN TRADE. Sen. Humphrey inserted a recent speech by Sen. Long, Mo., discussing the European Common Market and our future trade relations with it. pp. 8782-4

12. SOVIET AGRICULTURE. Sen. Javits inserted an article, "As Walter Lippman Sees Today's World and Our Role," in which he discussed the failure of Soviet and Chinese Agriculture. pp. 8779-81

13. ADJOURNED until Fri., June 1. p. 8826

ITEMS IN APPENDIX

14. FARM PROGRAM. Extension of remarks of Sen. McGee inserting two articles, "Emotionalism Won't Decide Farm Issue," and "Debate Fogs Agriculture's Bad Situation." pp. A3955-6
   Extension of remarks of Rep. Reuss urging the insertion of the language of H. R. 8520, to limit financial and technical assistance for drainage of certain wetlands, in the farm bill, and saying, "With the future of our North American wildlife at stake, it is of the utmost importance that the farm drainage amendment be enacted into law this session." pp. A3960-1

15. FORESTRY. Extension of remarks of Sen. Metcalf inserting an article, "'Smokey' Promotion Helps Curb Worldwide Forest Fire Loss." p. A3957

16. WILDERNESS. Extension of remarks of Sen. Anderson inserting an article by Secretary of Interior Udall, "To Save the Wonder of the Wilderness." pp. A3957-9

17. HOMESTEAD LANDS. Extension of remarks of Sen. Metcalf inserting an article, "Kalispell Man Finds Homestead Act in Effect, Sites Can Be Located." pp. A3959-60

THE PUBLIC WORKS BILL

Mr. PROXMIRE. Mr. President, a short time ago the distinguished Senator from Pennsylvania spoke on the public works bill which passed the Senate yesterday. I want to make it clear, Mr. President, that I feel very strongly it was possible to vote against the bill without being tied to any archiac economic philosophy. I voted against the bill, and I did so on the basis of a very thorough economic analysis.

The fact is that I serve on the Joint Economic Committee. I have attended hearings of the committee very faithfully for the past 2 years. Both in 1961 and 1962 I filed a dissent with the committee in which I disputed the very economic theory that is behind the public works proposal which was before the Senate yesterday. I did so in some detail. I feel very strongly that bill was not the way to accomplish the purpose, or the time to do it.

I would like to put in the RECORD pertinent data from the Economic Indicators, the most recent, for May 1962, which show that the gross national product has been moving up, from $503 billion in the first quarter of last year to $544 billion this year—a tremendously rapid increase.

At the same time personal expenditures have risen sharply. In the first quarter of this year they were at a record high.

Also, while unemployment is a serious problem, and I think we must recognize it as such, it dropped from 7 percent, seasonally adjusted, in May of last year to 5.5 percent last month.

While the drop in unemployment has not been consistent, unemployment seasonally adjusted is at the lowest point it has been in some time.

I believe that if we have a very serious unemployment situation, if the economy is in serious trouble, the Congress not only has a right but also has a firm duty to act.

But I think that Senators have every reason to exercise their own independent judgment. Merely because the President of the United States makes a recommendation we do not have to agree. If we disagree with the President, I think we have an obligation to vote our consciences.

While I have the greatest of respect for the distinguished senior Senator from Pennsylvania [Mr. CLARK], I wish to make it clear that my vote on the public works bill yesterday certainly was not a vote against the President of the United States and certainly was not a vote to subscribe to some archaic economic theory. It was a vote representing a conviction on my part that we do not act with economic sense when we vote for a $1½ billion emergency public works program on top of what we already have provided at a time when unemployment is falling, at a time when the gross national product is rising at almost a record rate, and at a time when almost all economic indicators signify that the economy is expanding and moving ahead.

I spelled out my thinking on this point in considerable detail in my individual views appended to the Joint Economic Committee report on the President's Economic Report, this year and last year. I ask unanimous consent to include in my remarks at this point excerpts from my two statements, the first relating to the 1961 Economic Report, the second to the 1962 Economic Report.

There being no objections, the excerpts were ordered to be printed in the RECORD, as follows:

DISSENT FROM COMMUNITY FACILITIES RECOMMENDATIONS

What I have said immediately above is why I dissent from the committee's recommendation of a great program for such local purposes as "police and fire stations, streets and parks."

The necessities of national defense, interest on the huge national debt and such necessarily national programs as the farm dilemma and care of veterans have enormously swollen the size and cost of the Federal Government. But these are national problems bearing a national responsibility that can be met only by the Federal Government.

It is true that CWA and WPA engaged in local projects at the depth of the great depression with great benefit to the idle men who were taken off a dole and provided with useful, constructive work.

Today, however, our unmet need for national defense, including civil defense, in an increasingly perilous world is immense.

The responsible and expert Gaither and Rockefeller reports both call for a far greater national defense effort than we are now making. If the Federal Government is to step up its participation in our national economy it should be in the field that is peculiarly its responsibility—providing a surer and safer national defense.

CLOUDED CRYSTAL BALL

What is happening to the economy in the current quarter is an excellent example of the harmful consequences of Government economic policy based on short-run prediction.

The committee warmly praises the action of the administration in attempting to stimulate the economy as soon as it took office by speeding up Government spending. Hearings before the committee revealed, however, that almost none of this speedup was effective in the first quarter of calendar 1961 when unemployment and idle plant capacity reached their peak. Testimony also suggested that virtually the full impact of this speedup in Federal spending will be in the current quarter. Furthermore, it will coincide with the exact period during which the Government will already have by far the greatest expansionary impact on the economy in many years.

Accordingly, we can expect a sharp increase in demand during the current quarter but a serious letdown in the impact of the Government on the economy after July 1.

Here is a case study in economic policy gone wrong:

1. Virtually the full impact of the $600 million increase in Federal spending resulting from President Kennedy's order to agencies to speed up their spending to help put men back to work will be in the current quarter. This will be borrowed largely from periods later in the current calendar year.

EXCERPT FROM 1962 INDIVIDUAL VIEWS

PRESIDENTIAL PUBLIC WORKS DISCRETION

For many similar reasons I am opposed to the President's request to the Congress to grant him authority to initiate $2 billion of public works spending whenever unemployment has been rising for 3 out of 4 or 4 out of 6 months, and has risen by more than 1 percent above its level 4 or 6 months earlier.

Such a formula, of course, provides immense discretion for the President to spend money without specific congressional approval.

It appears to be based on the theory that there is some spending that ordinarily cannot be justified on its merits; but might be justified in a period of economic adversity as a method of recovery. I disagree that spending which cannot be justified on its merits is likely to be justified in terms of good public policy except in times of very serious economic adversity. While the argument for such spending might have solid merit in the event of a depression, once again—on the record—it is doubtful if any President would have difficulty under these circumstances persuading the Congress to support a constructive program.

What is more this proposal has the serious demerit of authorizing grants-in-aid to State and local governments for projects which are peculiarly local in their nature—police and fire stations are an example—and should—if any expenditure should—be left to local discretion and local responsibility.

PROXMIRE OPPOSITION TO AID TO YUGOSLAVIA

Mr. PROXMIRE. Mr. President, I wish to speak briefly on another subject.

I wish to make it clear, once again, that I vehemently oppose aid to Yugoslavia. In 1958 I offered an amendment to eliminate aid to Yugoslavia, which got substantial support but failed.

Mr. President, yesterday the New York Times carried a story with respect to the report by the Twentieth Century Fund, which hailed aid to Yugoslavia and said that this helped to spur Belgrade's independence from the Soviet Union.

That report was written by the Twentieth Century Fund before the developments of the past few weeks, which have seen Tito take steps to renew his ideological ties with the Soviet Union.

We have seen the pro-Khrushchev actions of Tito, and we have seen what has happened to Milovan Djilas, the distinguished Yugoslav who had the temerity to criticize Khrushchev, who is now jailed and under two sentences totaling nearly 9 years.

This morning the New York Times published a very interesting followup on the Twentieth Century Fund. It reports that Tito has received an invitation to visit the Soviet Union, and is going to visit the Soviet Union.

Mr. Paul Underwood, in a special to the New York Times, has this to say about Tito's proposed visit:

> The visit by Marshal Tito to the Soviet Union will mean the Yugoslav President's rehabilitation as a formally recognized leader in the Communist world.

Mr. President, I can understand, though I may disagree with it, why it is necessary to give foreign aid to dictatorships which may be on our side. I can understand why we give foreign aid to neutral powers which are democratic. I cannot understand, Mr. President, why in the world we should use the American taxpayers' money to provide foreign aid for a dictatorship which is a Communist dictatorship, which is being reconsti-

tuted, according to the last report, as a close ally of the Soviet Union.

The junior Senator from Wisconsin feels that the purpose of our foreign aid program should be to extend and to protect freedom throughout the world. We certainly do not accomplish that when we support a government as tyrannical as is the Tito government of Yugoslavia. It makes no sense at all to support that government, when that government is supporting communism, is very close to Khrushchev, is allied with Khrushchev and is opposing our position.

Mr. President, I ask unanimous consent to have printed in the RECORD the articles from the New York Times relating to aid to Yugoslavia.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, May 28, 1962]

U.S. AID TO YUGOSLAVIA IS HAILED IN REPORT BY 20TH CENTURY FUND—SURVEY FINDS HELP SPURRED BELGRADE'S INDEPENDENCE FROM SOVIET—NOTES DEFIANCE OF TITO BY DJILAS

(By Murray Illson)

A Twentieth Century Fund report issued yesterday contended that United States aid had helped Yugoslavia to become independent of the Soviet Union.

The report also said that the aid had served U.S. foreign policy well and was an example to the uncommitted countries of aid "with no political strings attached." It said that the aid had contributed to a higher standard of living in Yugoslavia.

Yugoslavia, a Communist country, was described as "stanchly independent of Moscow" and frequently friendly to the West.

WRITTEN BY EDUCATORS

The report, entitled "Yugoslavia and the New Communism," was written by George W. Hoffman, professor of geography at the University of Texas, and Fred Warner Neal, professor of international relations and government at the Claremont Graduate School, California.

The Twentieth Century Fund describes itself as a nonprofit, nonpartisan foundation that sponsors studies in the fields of economics, social problems and international affairs. Its headquarters is at 41 East 70th Street.

The authors observed that "the new Yugoslavia is an enigma to both East and West." They wrote that Yugoslavia "is an eastern European dictatorship but one with certain elements of democracy and personal freedom."

"Yugoslav communism," they noted, "contains enough features in common with Soviet communism to make it unattractive to capitalist and democratic America."

YUGOSLAV VIEW NOTED

Yugoslav Communists, according to the authors, hold the view that "neither pure capitalism nor pure socialism exists and that the "conflict between the two systems, at the level of states, is not fundamental."

"Therefore," the report said, "the Soviet conception of the inevitability of capitalist hostility is considered invalid, as, indeed, is the Marxist idea that capitalism inevitably breeds war."

The report noted that between 1950 and June 30, 1959, the United States granted Yugoslavia $1,157,600,000 in economic aid and $724 million in military aid.

The authors' reference to a higher standard of living in Yugoslavia was printed before the recent disclosure of that country's economic troubles and President Tito's statement that "onions have now become dearer than gold."

The authors also reviewed the ups and downs in the post-World War II relations between Marshal Tito and the leaders of the Soviet Union. They noted the opposition to communism by Milovan Djilas, a former close associate of President Tito. M. Djilas recently received a 5-year prison sentence on a charge of having divulged state secrets in his new book, "Conversations With Stalin." In addition, he was ordered to serve 3 years and 8 months of an unexpired sentence.

EARLIER TROUBLES CITED

In their report, Professors Hoffman and Neal told of M. Djilas' troubles with the Tito government over an earlier book, "The New Class." Of that volume, the authors wrote:

"Its central theme is that ruling Communist groups are simply a new class of owners, historically no different from previous owning classes except that, since they can subject others to their will completely, their monopoly of ownership is complete."

At a news conference last week preceding the issuance of "Yugoslavia and the New Communism," Professor Neal was asked to comment on recent indications of friendlier relations between the Soviet Union and Yugoslavia.

He suggested that because of the doctrinal differences between the Soviet Union and Communist China "the portents favor Yugoslavia and the Soviet Union moving closer together." He added, however, that he did not think the closer relationship would affect Yugoslavia's "nonbloc independence."

Professor Neal also was asked why the Tito government did not permit M. Djilas to travel abroad. He replied that he thought it was a mistake for that government not to permit such travel. But he added: "Remember, you are dealing with an Eastern European Communist country."

At this point, August Heckscher, director of the fund, who presided at the news conference, interjected a remark to the effect that the United States, too, had been known to refuse some of its citizens permission to travel abroad.

[From the New York Times, May 29, 1962]

TITO GETS INVITATION TO SOVIET—VISIT WOULD CEMENT CONCILIATION—SUMMER TRIP PROPOSED BUT NO DETAILS ARE GIVEN—HIGH YUGOSLAV COUNCIL SHUFFLED

(By Paul Underwood)

BELGRADE, YUGOSLAVIA, May 28.—The Yugoslav Government announced today that President Tito has been invited to visit the Soviet Union this summer. No date or other details have yet been decided.

The announcement, made by a spokesman for the Yugoslav Foreign Ministry in response to newsmen's questions, was the first official confirmation of rumors that have been widespread in the Yugoslav capital for several days.

Such a visit would be a culminating acknowledgment of the new reconciliation between the two once rival Communist capitals of Belgrade and Moscow, a reconciliation that has been growing steadily for months.

A few hours after the announcement of Moscow's invitation, the Yugoslav Parliament approved a series of personnel and policy changes aimed at strengthened central control over the nation's ailing economy.

EXECUTIVE COUNCIL SHUFFLED

The changes included a shuffling of the Federal Executive Council, the chief executive arm of the Government, and a redistribution of functions. Parliament members were told that changes also would be made in the lower ranks of the Government.

The Federal Council shuffle involved the elevation of four officials who have held important but not leading jobs in economic administration. They are Boris Krajger, Milos Minic, Kiro Gligorov, and Jakov Blazevic. They will head four state secretariats, for foreign trade, general economic affairs, trade and catering, and budget and general administration.

Out of the Council went Lidija Sentjurc, whose Secretariat for Social Welfare and Communal Questions was eliminated. Its functions were taken over by the Secretariat for Health and Social Security.

The visit by Marshal Tito to the Soviet Union will mean the Yugoslav President's rehabilitation as a formally recognized leader in the Communist world. Until recent months he has been under more or less steady Soviet-bloc attack as a heretical "revisionist" of Marxist-Leninist doctrine.

The Foreign Ministry announcement said only:

"The Government of the Soviet Union has invited the President to the Soviet Union for a holiday. However, nothing concrete has yet been decided."

There was no indication when the invitation had been extended, but it apparently followed the visit to Belgrade last month of Andrei A. Gromyko, the Soviet Foreign Minister. By the time Mr. Gromyko ended his 6-day stay here, official Yugoslav sources were predicting much closer economic and political ties between the two countries.

If the invitation is accepted—and there is little doubt in Belgrade that it will be—President Tito will be making his first visit to the Soviet Union since 1956.

His trip in 1956 followed the initial effort of Nikita S. Khrushchev, as First Secretary of the Soviet Communist Party, to patch up differences with Belgrade and bring the independent-minded Yugoslav Communists back into the Soviet fold. This effort collapsed in the wake of the Hungarian revolt in the fall of 1956 and the subsequent Yugoslav refusal to bow to Soviet-bloc discipline.

Now, after having consolidated his position at home at last autumn's congress of the Soviet Communist Party, Premier Khrushchev apparently has decided it would be useful for him to try again.

East European sources have said the Yugoslavs would not be required to give up their ideological differences with the bloc or to join the Warsaw Pact, the bloc's military alliance, as a price for Soviet friendship.

The Yugoslav Government's personal and policy changes were presented to Parliament in a lengthy speech by Edvard Kardelj, First Vice President. Although he took pains to deny that the measures represented any permanent retreat from the policy of decentralization pursued by the Tito regime in recent years, he acknowledged that they would bring about a "stronger administrative regulation" of economic relations.

Mr. Kardelj also disclosed that, because of the economic troubles, there would be some downward revision of the goals set forth in the 5-year plan for 1961 through 1966.

STRONGER CONTROLS ON TRADE

One of the most interesting of the changes was the establishment of the new Secretarial for Foreign Trade. Previously foreign trade enterprises were supervised by a committee that had only limited powers.

The new secretariat will have authority to control foreign trade operations strictly. These operations have come under heavy fire recently from President Tito and other Yugoslav leaders who have accused the enterprises of competing against each other in foreign markets to the detriment of the economy as a whole.

Asserting that the economic difficulties stemmed from a slump in agricultural and industrial production, overspending and problems in finding export markets, Mr. Kardelj called for greater productivity and lower costs, vigorous efforts to increase ex-

ports and build up the tourist trade and the concentration of investment funds on essential projects.

Mr. PROXMIRE. Mr. President, accordingly, I send to the desk and ask to have printed an amendment to eliminate aid for Yugoslavia from the pending foreign aid authorization. I ask unanimous consent that my amendment be printed in the RECORD at this point.

The PRESIDING OFFICER. The amendment will be received, printed, and will lie on the table; and, without objection, it will be printed in the RECORD.

The amendment is as follows:

On page 11, after line 24 insert:

"(g) Assistance to Yugoslavia under this Act shall be suspended for one year beginning July 1, 1962, or the date of enactment of this subsection, whichever is later. During this period the authority contained in section 614 and the second sentence of section 617 shall not be available for the benefit of Yugoslavia."

GOVERNMENT ASSISTANCE IN THE FIELD OF TRANSPORTATION

Mr. CURTIS. Mr. President, there is a long-established policy of Government assistance in the field of transportation. It is unnecessary for me to state why this is so important to the commerce, industry, and agriculture of the country as well as to our cultural advancement. It goes back to the building of the first roads, and it includes the original building of the great network of railroads that we have in this country.

When the airplane came along, this historic policy was adhered to. The Federal Government assisted with the building of airports. It provided the weather information and the control and directional facilities. In addition to this, a subsidy was provided for the establishment of our airlines. Many of those airlines are now trunklines or operate between larger places under conditions that they should now be able to stand on their own feet.

Throughout the years that civil aviation has been assisted by the Federal Government, all of the taxpayers of the country have been taxed to assist with this program. The business enterprise in the small community, far removed from practical air service, was taxed. The farmers and ranchers were taxed, including those in remote places, to help get mainliner service for other people. Everybody in the areas not served by commercial airlines was taxed at the same rate as the individuals in the communities which benefited to bring about our great airways.

This has been a good system. It means that we have private ownership of airlines which, in turn, means more efficiency, better service, and it has all the advantages any private enterprise has over a socialistic venture. A great many of the foreign countries operate partially or totally owned Government airlines.

The question now before the Civil Aeronautics Board, the Bureau of the Budget, and the Congress is, What about the future of airline subsidies? The sound position would be to bring an end to the subsidies for all of those areas that have had years and years of the subsidy benefit and see to it that airline service was operated there in the public interest but commensurate with what the traveling public can pay. Certainly luxury travel should not be subsidized.

Secondly, a sound policy requires the continuation of our historic policy of assistance to those communities and those areas that are not yet served by airlines. This is largely in the category of feeder airlines. Many of these areas and communities have either not been reached at all or have not been reached under conditions and for a length of time that would enable them to promote the maximum air travel. This is the case in Nebraska and several other places. I again remind Senators that these people without transportation facilities have for years and years paid additional taxes to establish transportation elsewhere.

A few years ago the Civil Aeronautics Board did authorize feeder-line service for Nebraska. Because this service was instigated, the major ownership and management of the company selected to provide this service was changed. Problems and controversy arose. The local people were thwarted in every direction in their attempt to promote air travel. The situation has now changed. The Frontier Airlines is now operating under new ownership and new management. The president, Mr. Lewis Dymond, is an honest, aggressive, intelligent individual who has come to the top in the field of civil aviation. Now, according to an examiner's report, the Civil Aeronautics Board is threatening to reverse their decision and deny feeder-line service to substantially all of Nebraska. An unbiased investigation would reveal clearly that the "use it or lose it requirement" has never had an opportunity to be fairly tried in Nebraska. It is my hope that the Civil Aeronautics Board and the Frontier Airlines will now give Nebraska and all of the interested communities the opportunity to do what the entire State was thwarted in doing through no fault of their own when the original Seven-States case was decided.

Mr. President, if airline subsidies are going to be paid at all, they should be used to assist the areas that need the transportation and have not yet had a chance to establish it.

Such communities should have first claim on whatever the Congress appropriates. Those lines that have been long subsidized to serve communities on main lines, or near main lines, should have a secondary claim on funds appropriated by the Congress, if they have any claim. The Civil Aeronautics Board must reverse their examiner's report and reinstitute the service originally intended for Nebraska or they will have violated all of the intent of our historic policy in this important field.

Mr. President, there is a responsibility on airlines, too. Some airline executives appear to have deliberately created a situation that would lead to the discontinuance of feeder line operations and have sought a monopolistic claim on the cream of the run. Mr. Dymond, the president of Frontier Airlines, is definitely not in this category. I gather from his utterances that he is in the business to make a success of a feeder line operation and that he and his associates will, if given a chance, bring air transportation to the many needed spots in Nebraska that are now without it. His airline and these communities, and the State as a whole, should have the same treatment as has been given throughout the years elsewhere. We ask no more. We shall not be content with taking less.

Mr. MONRONEY. Mr. President, will the distinguished Senator from Nebraska yield?

Mr. CURTIS. I am happy to yield to the distinguished Senator from Oklahoma. No Member of Congress is more devoted to the cause of aviation in our country than is the Senator; or better informed on all questions relating to it.

Mr. MONRONEY. I thank my distinguished colleague for his compliment. I associate myself with his statement in that the development of a national transportation system, whether it be rail, roads, water, or air, is a vital communication link that we, as a great democracy, must have and preserve.

The airplane, being the latest mode of transportation to come into use, has not been able to reach all the points that need to be connected by air travel and air commerce. We are only beginning to develop what I feel civil aviation can do. We have scarcely crossed the threshold of air cargo transportation, which will eventually result in great forward strides in the movement of goods as well as people by air.

The importance of the feeder lines, of which the distinguished Senator from Nebraska has spoken so eloquently, has been well established by their use. There has been a vast increase in plane loadings and the use of aircraft by an extension of routes. However, lately, I fear that more attention has been given on some feeder lines to the establishment of extensions to metropolitan centers, rather than to serving the smaller communities which the feeder lines were designed to serve, and for which subsidies have been appropriated through the years to create a new class of air service to smaller communities.

If we are to follow through to the ultimate the so-called use it or lose it policy of the Civil Aeronautics Board, we shall see an abandonment of the less dense traffic places on the route system and a concentration into metropolitan areas, of planes overflying the small communities. If the plan is carried through, it will have the effect of making the feeder lines, which were established to reach the smaller communities, junior trunklines. If that were done, I would see no further need for subsidy, because the metropolitan areas can and should be served, if that is the only route of the line, by the trunk carriers who have proved they can provide the service without subsidy.

Therefore I think it is highly important to look at this question in its proper perspective. Until the new systems can take root, develop the traffic load, and prove the value of the service, they should not be automatically discontinued

because someone in the Civil Aeronautics Board has said that a carrier must board five people a day in order not to lose the service for the community.

The figure is an arbitrary one. It may be right; it may be wrong. I believe the question would arise in the mind of anyone who studies feeder airlines, "What service do you render, and when?" I gather from the remarks of my distinguished colleague that the system was almost a built-in "use it or lose it" system. In Nebraska there might be one flight in at 6 o'clock in the morning and a return flight which would go through at 8 o'clock at night, or some unusual hour at which no one could use the service. Therefore, loss of the service would be forced. In all the statistical data I have been able to study, I have observed that where there are several schedules a day the people quickly adapt themselves to the convenience of the available air travel and can therefore use the air service. But almost invariably one service a day is an invitation to a minimum amount of use by that community. That one schedule cannot be fitted into the traveling habits and needs of the people of that community. Therefore, I have frequently urged that we should not sit here, do nothing, and decry or abandon a service that is so necessary to the areas in which more than 60 percent of our population live that are not now served by the major trunk lines. The logical action should be to experiment with smaller planes which would give more frequent service. Perhaps they would fly direct shuttle services in and out, with several schedules a day. It would pay up to about 10 places. Perhaps the plane would be flown by one pilot. There would be no fancy stewardesses and no need for a copilot, because the planes would be flown VFR into uncrowded airports.

We would then have the result of a general test on several runs and into several territories. The State of Nebraska would afford an excellent area in which to test the service, if an adequate number of flights on a schedule were provided. I am convinced that the service would become economical in a short time and would contribute to the great air transport system so necessary in a country of the size and with the commerce of the United States.

The junior Senator from Nebraska well knows that statistics on feeder lines prove that 50 percent of their traffic load brought to metropolitan areas goes beyond on trunk lines. Thus the proposed subsidy would not only help the small towns or the feeder lines, but would bring a great yield as a result of the placement of passengers at trunk line terminals. Fifty percent of the total number of passengers coming from beyond the small communities would go to the trunk line terminals—to New York, Los Angeles, and the highly profitable runs of the trunk line carriers.

The Senator is correct in saying that we should not write a death sentence for a service without giving the service a fair trial.

Mr. CURTIS. I thank the distinguished Senator. The Senator represents in part a very important State in the Union which has some fine metropolitan centers, but that State also has areas that no doubt want and need air service and do not have it now.

In reference to the "use it or lose it" policy, does not the Senator agree that the only fair way to test that policy would be under circumstances in which the use of the service would fit in with the patterns of the local economy, the needs of the people, the commerce, and the mail, and with cost figures that would cover the use of smaller planes that might make the service successful?

Mr. MONRONEY. The Senator is absolutely correct. While we have had feeder line service for some 15 years or more, we have never put emphasis in aviation development on a feeder line plane as such, designed to serve this type of route schedule. I have been pleading for years for a DC–3 replacement. Two hundred and fifty of the approximate fleet of 300 planes of the feeder lines are still in the DC–3 category. The DC–3 is a great old bird. I respect, honor, and praise this very valuable backbone of aviation.

Let us remember, however, that the last DC–3 was built in 1946. There is quite a long time, from the standpoint of obsolescence, between the time that we built that plane and the time when we have been able to build a better plane that could more economically serve the route structure of the smaller towns on the feeder lines.

CAB and FAA cannot merely point a finger at these towns and say they are uncooperative or unappreciative, when for all these years very little has been done by either of these agencies to develop a replacement for the DC–3 which would have a lower operating cost and better facilities to serve this route structure, with an average distance of 90 miles between stops, without trying to find something else, instead of answering, "Use it or lose it."

That is the only answer we have had for a long time. It is decimating the route structure, which is now enjoyed by many of the States, which otherwise would be stripped of service with the exception of one or two communities in a particular State.

We should make the airplane useful as a national instrument of transportation. Our ingenuity, which has given us the ability to orbit Glenn and Carpenter and send them around the globe in 88 minutes should be capable, it seems to me, of providing a replacement for the DC–3.

Mr. CURTIS. Is it not true, with reference to the successful operation of feeder line service, that there must be service to enough communities so that travelers can make the entire trip by air? In other words, if they must drive half way and then fly half way, the simple economy of time would require them to drive the entire distance.

Mr. MONRONEY. The Senator is absolutely correct. There are many ways of reaching a solution, none of which has been developed. There is the regional airport, in connection with which three or four communities in a circle, none of which can maintain feeder service for itself, with the towns located about 10 miles apart, can locate an airport in the neighborhood of three or four cities. In that way the time consumed in reaching such a regional airport would perhaps be even shorter than the time it would take to reach Dulles Airport from Washington. In that way it would be profitable to maintain a reasonable frequency of service on a scheduled basis.

Mr. CURTIS. Is it not correct to say that the original intent, as well as the present intent of Congress, with reference to airline subsidies, was for the purpose of establishing air transportation, rather than merely continuing it in places which have been the beneficiaries of the subsidy for many years?

Mr. MONRONEY. Certainly the idea of the feeder lines was to establish air transportation to the smaller communities, most of which had no other form of transportation except perhaps a bus route or two. Trains are no longer in service. There is no scheduled train travel between many of the smaller towns in my State and the State capital and the major cities of Oklahoma. Bus service is not as good as it once was. A person would have great trouble finding a scheduled trip if we were to eliminate the feeder line system.

Mr. CURTIS. The Senator from Oklahoma has mentioned something that I wish to have absolutely clear on the RECORD, and that is the frequency of the stops and the timing during the 24-hour day. The service must be better and frequent enough and adequate enough so that individuals can carry on their business completely with that service, or they will go to other forms of transportation, primarily their own cars.

Mr. MONRONEY. The car is the greatest competitor. Today airlines carry more intercity travelers than all the railroads and buslines in the United States combined. Only the automobile outdistances the airplane in transportation. It is a competitor, but it is an inconvenient mode of travel for someone who wishes to go to New York or Los Angeles or Chicago, for example, if he must leave his automobile at the airport after a 150- or 200-mile drive, and if he must park his car at the airport for a week, perhaps, while he is away. It should be possible to have joint connecting schedules.

I have said that 50 percent of the feeder line traffic connects with trunklines, for which they get no credit. The trunklines get the major part of the business, and the subsidy is charged entirely to the feeder lines, although they actually feed the major trunklines.

Mr. CURTIS. I again thank the distinguished Senator for his contribution to this discussion. I hope that the Civil Aeronautics Board will review its general policy in this field. As the distinguished Senator from Oklahoma has said, there has been no new effort to secure planes to fill the needs of this particular group of communities about which we have been talking, and there has been no policy on the part of the Civil Aeronautics Board to see to it that

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For information only; should not be quoted or cited)

Issued June 6, 1962
For actions of June 5, 1962
87th-2d, No. 90

CONTENTS

Appropriations.....18	Foreign trade.....8,17,26	Retirement.....32
CCC commodities.....15	Forestry.....27,39	School lunch.....1,29
Census.....36	Labeling.....23	Sheep.....34
Conservation payment....40	Lands.....39	Small business.....13
Debt ceiling.....4,33	Lobbying.....10	Soil survey.....14
Economic growth.....16	Medical insurance.....22	Stockpiling.....15
Electrification.....19,24	Minerals.....3	Taxation.....6
Farm program.....31,37	Patents.....5	Timber.....27
Federal aid.....21	Personnel.....28,32	Trade.....23
Fiscal conditions.....20	Public works.....7	Trademarks.....38
Fisheries.....9	Reclamation.....25	Water pollution.....35
Foreign aid.....2,11	Research.....30	Wheat.....12

HIGHLIGHTS: House continued debate on school lunch fund apportionment bill. House committee voted to report foreign aid bill. Senate debated foreign aid bill. Senate received 1962 International Wheat Agreement.

HOUSE

1. SCHOOL LUNCH PROGRAM. Continued debate on H. R. 11665, to revise the formula for apportioning cash assistance funds among the States under the National School Lunch Act. pp. 8986-96, 9025-7

2. FOREIGN AID. The Foreign Affairs Committee voted to report (but did not actually report) H. R. 11921, the proposed Foreign Assistance Act of 1962. p. D435

3. MINERALS. The "Daily Digest" states that the Subcommittee on Mines and Mining of the Interior and Insular Affairs Committee "in executive session, ordered reported favorably to the full committee H. R. 7364 (amended), to provide for the conveyance of certain mineral interests of the U. S. in property in South Carolina to the record owners of the surface of the property; H. R. 9280 (amended), to amend section 2 of the Materials Act; H. R. 11049 (amended), to provide

for the relief of certain oil and gas lessees under the Mineral Leasing Act (H. R. 10732, an identical bill, was reported to the full committee for proper action); and H. R. 10540 (amended), to exclude deposits of petrified wood from appropriation under the U. S. mining laws." p. D435

4. DEBT CEILING. The "Daily Digest" states that the Ways and Means Committee "Met in executive session and ordered the chairman to introduce a bill in the House, H. R. 11990, regarding a temporary increase in the public debt ceiling for the fiscal year 1963." p. D435

5. PATENTS. The Judiciary Committee voted to report (but did not actually report) H. R. 10966, to fix the fees payable to the Patent Office. p. D435

6. TAXATION. The Rules Committee reported a resolution for the consideration of H. R. 11879, to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates. p. 9028

7. PUBLIC WORKS. The "Daily Digest" states that the Judiciary Committee "rescinded previous action on H. J. Res. 688 and ordered favorably reported to the House in lieu thereof S. J. Res. 68 (amended), to provide for the designation of the week commencing October 1, 1962, as 'National Public Works Week.'" p. D435

8. FOREIGN TRADE. Rep. James C. Davis criticized H. R. 11970, the proposed Trade Expansion Act of 1962, especially with regard to the Common Market. pp. 9008-12

9. FISHERIES. Received from Interior a report of operations conducted by or under contract with the Bureau of Commercial Fisheries of the Department of the Interior to encourage the distribution of domestically produced fishery products for fiscal year 1960. p. 9027

10. LOBBYING. Received the quarterly reports on lobbying activities. pp. 9029-59

SENATE

11. FOREIGN AID. Began debate on S. 2996, the proposed Foreign Assistance Act of 1962 (pp. 8940-1, 8955-61, 8967-80). Agreed to the committee amendments en bloc and the bill as amended is considered original text for purposes of amendment (pp. 8955-8). Pending at adjournment was a proposed amendment by Sen. Proxmire to suspend aid to Yugoslavia for one year (pp. 8969-80).

Sen. Javits (for himself and Sens. Bush, Clark, Douglas, Keating, Kuchel, Morse, and Scott), Keating, Hickenlooper, Church, and Javits submitted amendments intended to be proposed to this bill, S. 2996. pp. 8923-4, 8967, 8976-7

Sen. Muskie inserted a report by the Deputy Administrator of AID on the activities of our allies in the foreign aid field, "Allies Are Carrying Their Share of Aid." pp. 8932-4

12. WHEAT. Received from the President for ratification a certified copy of the 1962 International Wheat Agreement and the report of the Secretary of State regarding the agreement; to Foreign Relations Committee. p. 8905

13. SMALL BUSINESS. The Banking and Currency Committee reported with amendment S. 2970, to increase the authorization for the Small Business Administration for fiscal year 1963 to $250 million (S. Rept. 1542). pp. 8907-8

14. SOIL SURVEY. Received from Interior a report that an adequate soil survey and land reclassification has been made of the lands of the San Luis unit, Central Valley project, Calif. p. 8906

such as on Pole Mountain, is S. 145. It was introduced by Senator McCLELLAN, of Arkansas, on January 5, 1961. Our latest information is that it is in the Government Operations Committee of the Senate.

This bill is identical to S. 1617 introduced in the 86th Congress and is essentially the same as S. 1538 of the 85th Congress. It is indicated that the possibilities for passage of S. 154 in this session are about the same as was the case with its two predecessors.

Sincerely yours,

A. F. C. GREENE,
Acting Assistant Regional Forester.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961—AMENDMENTS

Mr. JAVITS (for himself and Mr. BUSH, Mr. CLARK, Mr. DOUGLAS, Mr. KEATING, Mr. KUCHEL, Mr. MORSE, and Mr. SCOTT) submitted an amendment, intended to be proposed by them, jointly, to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. KEATING submitted an amendment, intended to be proposed by him, to Senate bill 2996, supra, which was ordered to lie on the table and to be printed.

Mr. HICKENLOOPER submitted amendments, intended to be proposed by him, to Senate bill 2996, supra, which were ordered to lie on the table and to be printed.

Mr. CHURCH submitted an amendment, intended to be proposed by him, to Senate bill 2996, supra, which was ordered to lie on the table and to be printed.

Mr. JAVITS submitted an amendment, intended to be proposed by him, to Senate bill 2996, supra, which was ordered to lie on the table and to be printed.

AMENDMENT OF THE FOREIGN ASSISTANCE ACT OF 1961—AMENDMENT

Mr. JAVITS. Mr. President, I send to the desk, for printing under the rule, an amendment on behalf of myself and other Senators, properly called the "freedom of travel" amendment to the pending bill, the Foreign Assistance Act of 1961, to reaffirm our opposition to Arab discrimination against United States citizens who do business in or travel in the Near East.

I submit the amendment on behalf of myself and Senators BUSH, CLARK, DOUGLAS, KEATING, KUCHEL, MORSE, and SCOTT.

The VICE PRESIDENT. The amendment will be received and printed; and will lie on the desk.

Mr. JAVITS. Mr. President, the amendment would add to section 102 the following language:

It is further the sense of Congress that any attempt by foreign nations to create distinctions because of their race or religion among American citizens in granting of personal or commercial access or any other rights otherwise available to United States citizens generally is repugnant to our principles; and in all negotiations between the United States and any foreign state arising as a result of funds appropriated under this title these principles shall be applied as the President may determine. The Secretary of State shall report annually on the measures taken to apply the principles stated above.

The increasing number of American firms and individuals dealing with Israel who are directly affected by the Arab blacklist and boycott makes it necessary for the United States to repudiate and condemn any measures by foreign countries to interfere with the rights and privileges of U.S. citizens. Such discrimination is especially offensive when it is practiced by nations who receive assistance under the provisions of the foreign aid programs.

The Arab boycott and interference with commerce and travel have been growing into full-scale economic warfare against the State of Israel in an effort to isolate and destroy it. But the issue on this amendment is that of threats to blacklist American businessmen, to discourage air and shipping lines from entering Israel, and to refuse to honor the American passport when its holder is Jewish; and not the Arab-Israel conflict.

The continuation of this practice by nations sharing in our assistance program cannot be tolerated and this offensive conduct should be met with vigorous and unabated action by our Government. It is a violation of the intent and provisions of this act, a violation of the United Nations Charter and a violation of international law.

As recently as May 29, according to Radio Cairo, the Arab League boycott offices were warning airplane and shipping companies against serving Israel. The boycott offices are continuing to place severe limitations on American merchant marine activity. Penalties for breaking the rules include depriving ships of the opportunity for loading or discharging cargo and from taking on water supplies and other provisions. Cargoes destined for Israel, even in foreign bottoms, are still not permitted through the Suez Canal and may be confiscated.

Foreign nations receiving American commodities under the Foreign Assistance Act are required to employ a minimum of 50 percent American flagships for the delivery of these products. All nations comply, including those associated with the Arab League. However, in addition to barring the ships of any nations that stop at Israel's ports, the Arab States refused to permit the 50-percent American bottoms to include any "Jewish owned" carriers, and thus such Arab governments are in effect permitted to discriminate against American shipping firms owned by Jews.

In view of the expansion of the U.S. aid program to the Near East projected under this act, the effects of this discrimination will be more widespread than ever if it is permitted to continue.

Special targets for blacklisting are American motion picture stars and companies but no aspect of the American economy is exempt from the blacklist and the threat of boycott.

It should not be forgotten that the United States has on more than one occasion come to the rescue of Egypt and Jordan, two states which are most actively seeking to impose the boycott, and in this act is seeking to increase our aid to these countries.

We have aided Saudi Arabia and we have just extended recognition to the Sheikdom of Kuwait. The Senate has a right to insist that these nations conduct themselves at least within the spirit of the Foreign Assistance Act.

The language of this amendment is the same as that adopted by the Congress in the Foreign Aid Appropriations Act of 1961 with the additional provision that the Secretary of State should report annually on measures taken to insure the application of the principles set forth in this amendment.

The Congress must continue to seek to uphold these principles and I deeply believe that we should here support the adoption of this amendment.

The act of 1961 had a 1-year life necessarily, but has the very important additional provision requiring the annual reports by the Secretary of State.

Mr. President, I think it is only seemly that the Congress insist upon that kind of amendment and insist upon its implementation, and I very much hope that when it is called up, it will be agreed to. I am very grateful to those of my colleagues who have participated with me in presenting it. I point out that it is entirely a cooperative effort. It is not an original idea of my own. The subject has been before us on a number of occasions. It just seemed logical for me to submit it at this time.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. KUCHEL. I merely wish the RECORD to show that I am delighted to join with the distinguished senior Senator from New York [Mr. JAVITS] in sponsoring the amendment. It ought to have the unanimous approval of the Senate. It is regrettable that in the world today there are some nations who make a mockery out of the high sounding verbiage by which the Congress passes a Mutual Foreign Assistance Act. While they are aware of the language, still they deal with the Government of the United States in an effort to obtain maximum financial assistance under it.

At the last session of Congress the Senate approved similar proposed legislation. I am glad once again to salute my friend from New York, who speaks for a number of us in sponsoring the amendment to which he has alluded, and which will now be printed.

Mr. JAVITS. I thank my colleague.

Mr. KEATING. Mr. President, I am very happy to join in cosponsoring the amendment which my colleague has offered. It deserves, it seems to me, the wholehearted approval of the Congress.

The continuing practice of some nations in putting restrictions on American citizens and using race or religion as a criterion for discriminatory treatment is distasteful to all American citizens. We in the United States believe in the basic right of all persons to free exercise of their religion and to equal treatment under the law.

Where racial differences in this country most unfortunately and regrettably, by local custom, are used as a basis for discriminatory treatment, we are actively working to eliminate these distinctions. What a violation it is, then, of our own fundamental beliefs, for the United States to provide assistance to nations which discriminate against American citizens on the basis of religion. What a cruel parody of the aims we try to achieve through our foreign aid program to encourage nations that deliberately trample on principles so vital to American living. What an injustice is being done to American citizens of all religions who pay the taxes imposed by our Government and then see those funds transferred to foreign nations which discriminate against the very people who have contributed to their resources.

Mr. President, it is altogether fitting and proper to approve in this legislation language that would clearly state the sincere and deep-rooted objection of the Congress to discriminatory treatment of Americans abroad. I would like to see the President take a strong stand in any areas where this prejudice prevails and insist upon the provision in any foreign aid agreement of firm guarantees of equal treatment of all Americans. I am very pleased to join with my colleague and senior Senator from New York in cosponsoring these amendments, which deserve the wholehearted approval of the Congress. I am hopeful that the requirement for annual reports will serve the purpose of prodding the executive branch of the Government into a more vigorous enforcement of the will of the Congress in this regard.

AMENDMENT TO THE SMALL RECLAMATION PROJECTS ACT OF 1956—ADDITIONAL COSPONSOR OF BILL

Mr. MOSS. Mr. President, I ask unanimous consent that the name of the junior Senator from South Dakota [Mr. CASE] may be listed as a cosponsor on future printings of Senate bill 3323, to amend the Small Reclamation Projects Act of 1956.

The VICE PRESIDENT. Without objection, it is so ordered.

LOAN CONSERVATION FUNDS—WITHDRAWAL OF A COSPONSOR

Mr. CHURCH. Mr. President, I ask unanimous consent that my name be stricken from among the cosponsors of Senate bill 3118, to provide for loan conservation funds.

The VICE PRESIDENT. Without objection, it is so ordered.

NOTICE OF HEARINGS ON PROPOSED LEGISLATION RELATING TO PHILIPPINE WAR DAMAGE CLAIMS

Mr. SPARKMAN. Mr. President, I wish to announce that the Committee on Foreign Relations will hold a public hearing on Philippine war damage claims legislation on June 12, 1962, at 10:30 a.m., in room 4221, New Senate Office Building. The bills on this subject pending before the committee are S. 2380, introduced by Senator HUMPHREY on August 4, 1961, and S. 3329, introduced by Senator FULBRIGHT on May 21, 1962.

NOTICE OF HEARINGS ON GOLD PRODUCTION

Mr. MANSFIELD. Mr. President, on behalf of the Senator from Colorado [Mr. CARROLL], who is necessarily absent today, I ask unanimous consent that a statement relative to hearings of the Subcommittee on Minerals, Materials, and Fuels, prepared by him, be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

HEARINGS ON GOLD PRODUCTION

(Remarks of Senator JOHN A. CARROLL, of Colorado, chairman of the Subcommittee on Minerals, Materials, and Fuels, in the Senate on June 5, 1962)

The subject of gold continues to be very much in the news.

Only last week former President Eisenhower viewed with alarm certain present economic policies which he said were endangering the soundness of our dollar, which, in international payment, is backed by gold.

However, in fairness, it should be pointed out that under the previous administration little was done to halt the outflow of gold from our country or increase our supplies by making it possible for our own gold mining industry to produce.

By now of course it's an old, old story to the Members of the Senate and to the administration: We are continuing to lose gold from our National Treasury, month after month. All of our officials and all of our experts continue to express alarm at this outgo.

At the same time, we have vast deposits of rich gold-bearing ores in our own country—particularly in my State of Colorado and other States of the West such as California and Montana and including of course our great new State of Alaska.

It was gold that attracted many of our forefathers to go West, and it was gold that was the touchstone that led the winning of the West.

Yet our historic and once prosperous gold mines now are closed for the most part, and our skilled miners are unemployed, or have found other jobs in which their skills and knowledge and experience as gold miners are not used.

All this is taking place at a time, when our country needs gold, and more gold.

The Subcommittee on Minerals, Materials, and Fuels is endeavoring to do something about this anomalous situation. We held an exploratory hearing on March 15 to find means and ways of increasing production of gold from sources within the United States, and thus reopening our closed gold mines and putting our gold miners back to work.

Specific proposed legislation before us was Senate Joint Resolution 44, a measure introduced by the distinguished Senator from California, Mr. ENGLE, for himself and other distinguished Senators of both political parties.

Senate Joint Resolution 44 would authorize incentive payments of up to $35 an ounce for newly mined domestic gold. This subsidy price, combined with the Government-fixed price of $35 an ounce, would make it possible for a domestic producer to receive up to $70 an ounce for new production. I might point out here that many experts have said that $70 an ounce is an inadequate price under present day costs and conditions.

The administrative agencies, led by the Treasury Department, opposed this quite reasonable and limited measure, primarily on the ground that somehow action by the American Government to aid our American miners would upset the confidence other nations might have in our dollar. However, many of these same other nations aid their own gold miners to a much greater extent than that proposed by Senate Joint Resolution 44.

A memorandum outlining steps taken by other nations to aid their gold miners, prepared at the request of the subcommittee by Leland Howard, Chief of the Office of Domestic Gold and Silver, U.S. Treasury, is as follows:

"TREASURY DEPARTMENT,
"*Washington, D.C.*

"Mr. STEWART FRENCH,
"*Chief Counsel, Committee on Interior and Insular Affairs, U.S. Senate, Washington, D.C.*

"DEAR SIR: This is in reply to your letter of May 11, 1962 in which you request certain additional information concerning gold, in connection with your forthcoming hearings on S.J. Res. 44 scheduled for the 23d of May.

"Section 43 of the Act of May 12, 1933 (48 Stat. 51–53) permitted the President to fix the weight of the gold dollar, but in no event to reduce its then present weight by more than 50 percent. Section 12 of the Gold Reserve Act of 1934 (48 Stat. 337) amended this section to add that the weight of the gold dollar not be fixed in any event at more than 60 percent of its then present weight. This power was to expire two years after the date of enactment of the Gold Reserve Act, unless the President should sooner declare the existing emergency ended, but the President was authorized to extend the period for not more than one additional year after such date by proclamation.

"On January 31, 1934 the President by proclamation (No. 2072) fixed the weight of the gold dollar at 15 5/21 grains nine-tenths fine, which was the equivalent of $35 per fine troy ounce and on that same day the price of gold purchased and sold by the Mints and Assay Office under the Gold Reserve Act was fixed at $35 per fine ounce, minus or plus ¼ of 1 percent. Purchases were also subject to Mint charges.

"On January 10, 1936 by proclamation, the President extended the powers with respect to the weight of the gold dollar until January 30, 1937. These powers were further extended by the Act of January 23, 1937, the act of July 6, 1939, and the act of June 30, 1941, until June 30, 1943, when they expired.

"The Secretary of the Treasury under sections 8 and 9 of the Gold Reserve Act has the authority, with the approval of the President, to purchase and sell gold 'at such rates and upon such terms and conditions as he may deem most advantageous to the public interest.' This authority, however, is limited by the Bretton Woods Agreement Act and the obligations undertaken by the United States as a member of the International Monetary Fund. Article IV, section 2 of the Articles of Agreement of the International Monetary Fund provides:

" 'The Fund shall prescribe a margin above and below par value for transactions in gold by members, and no member shall buy gold at a price above par value plus the prescribed margin or sell gold at a price below par value minus the prescribed margin.'

"The fund has prescribed a margin of one-quarter of 1 percent plus actual or computed costs of melting, shipment and custody, if any, or in the alternative a margin

instead of trying to run things herself, as so many women seem to do."

"A Chinese wife's first and most important characteristic is obedience—not servility or subservience," she writes.

It is "simply the knack and virtue of letting her husband feel that he is truly the head of the family."

She explains further: "In the Chinese tradition, a wife avoids argument with her husband, holding him by love, understanding, devotion, and a conscious willingness to let him make the family decisions and lead the way."

She sums up the wife's role as combining "the tact of a diplomat and the tactics of a psychiatrist."

During social gatherings, she says, a wife "may join in discussions of politics, but never to the extent of engaging in heated debate with her husband, lest she cause him to lose face, or create the impression that she and he are in disagreement, thus making them both lose face.

"This philosophy may sound old fashioned to many women in the Western World, particularly American women," she writes, adding, however, that "it not only was General Chennault's view, but, in my opinion is a view shared by most men, East and West."

The American Air Force general and his beloved Anna, whom he called Little Jade, had 10 years of marriage which was a true partnership before his tragic death from cancer in 1958.

Madame Chennault now lives here in Washington with her two young daughters in an apartment she designed herself. It is really two large apartments thrown together. The drawing room is dominated by a Chinese moon gate, a circular doorway which faces an almost life-size portrait of her late husband in uniform.

The moon gate doorway is a symbol of hapiness in China. She has had it built in her home here as a symbol to her daughters, Claire, 13, and Cynthia, 12, of all their famous father meant to them and to her.

POEM QUOTED

The title of her forthcoming book has the same symbolism. She takes it from a Chinese poem by Wong Wei, who wrote:

"In the mountain a night of rain,
Above the treetops a thousand springs."

"I am a fortunate woman," she writes in the preface, "for I was married to a great man who deeply loved me."

"Most men who have great things to accomplish have no time for small things, little time for tenderness. The many little things this great man did to make me happy, the many tendernesses he showed me, made my life with him a joy and fulfillment."

On the final page, she quotes the poem and ends:

"Our life together was like a Chinese poem. * * * In my heart there are a thousand springs."

FLEW "HUMP"

Anna Chan, daughter of a highly placed diplomatic family of old China, was 19 years old when she was assigned by a Chinese news agency to report on the commanding general of the U.S. 14th Air Force, who had been saving thousands of Chinese lives during World War II.

He was a tall, rugged personality with sudden kindness in his piercing eyes. He had been making history, flying the "hump" between India and China and training China's young pilots to fight the Japanese.

First as a newspaperwoman and after the war as the woman General Chennault came back to marry, she telis her story with the finesse of a novelist.

Anna Chennault is a novelist. Her 12 previous books written in Chinese are fiction of a high order. She is already at work her on her 14th book, her 2d in English. It is a novel against the background of World War II, in which her husband's great military exploits will play their part, disguised as fiction.

The beautiful and determined woman kept faith with Claire Chennault in his two post-wedding-day requests.

SLIM FIGURE

She has been a Chinese wife, a true partner. After her marriage she handled all the public relations of the new CAT airline which Chennault and a group of dedicated men established in war-torn China.

And she still has that same slim figure which tight-fitting Chinese sheaths demand of the wearer. She watches that figure today, more through exercise than through diet.

As a dress designer, fusing Chinese and American chic, she is in great demand. But today she only designs for charity.

She recently completed a series of 100 fashion designs for her government, to be shown in Latin America.

She has a host of friends in Washington who are constantly trying to lure this young and attractive widow to meet eligible young men. She isn't interested.

She fills her life with a part-time job at Georgetown University, which employs her gift for languages; with writing and staying home most nights with her daughters, and with sending back to Taiwan newspaper reports on political, economic and human-interest subjects.

She maintains a home in Taiwan, where she takes her daughters each summer, but she wants to bring them up in the cosmopolitan atmosphere of Washington, D.C. It was her husband's wish that they have an American education without ever forgetting their rich Chinese heritage.

STUDENTS WORKING THEIR WAY THROUGH COLLEGE

Mr. MILLER. Mr. President, in last Sunday's issue of the Miami Herald appeared an article by G. K. Modenfield, Associated Press editorial writer, which points out how thousands of young men and women are working their way through college today. The article should serve as an inspiration to those who are beginning to doubt that they can ever obtain a college education unless the Federal Government spends millions of dollars for scholarships and other forms of financial grants. I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IT CAN BE ROUGH, BUT—THOUSANDS WORKING THEIR WAY TO GAIN COLLEGE EDUCATIONS

(By G. K. Modenfield, Associated Press education writer)

URBANA, ILL.—It is still possible to work your way through college without loans, grants, scholarships or help from your parents.

The proof: Thousands of students do it every year. But it can be rough.

It may take you 5 years instead of 4. Your grades may suffer (although not necessarily). Your social life may be limited. You may miss a lot of rah-rah fun of college, as well as more serious extracurricular activities. You may be limited in the choice of colleges you can attend.

But it can be done, and the rewards are great.

Dennis S. Acuncius is doing it here at the University of Iilinois.

"The only way I could go to college was to work my way through, and I realized the only way I could ever amount to anything was to go to college," he said in an interview.

Nancy Walsh is doing it, too.

"I realized while working a year (before entering the university) that I would have to go to college to get any place," she said. "I don't have time to participate in campus activities, and I have no time for my favorite recreation—bowling and outdoor spectator sports. But I have never been tempted to quit school."

William O. Bailie is another making it on his own.

"Having to work my way through makes me want to go to college just that much more," he said. "My social life suffers from having to work and study a lot, but that can wait. Getting a good, well-rounded education is the most important thing to me."

There is nothing new, of course, in working your way through college. During the depression it was the accepted thing.

Even today an estimated one-third of all college students hold down a job during the school year.

But somehow it has become "less fashionable" than it used to be to put yourself through college, according to a group of experts who met here recently.

Student employment directors, from a number of Midwestern universities said, "We believe it is high time that the benefits of working one's way through college be re-emphasized.

"Too many students failing to get a loan or a scholarship simply do not go to school. Far too many of our dropouts fail to even investigate the possibilities of part-time and summer employment."

One reason probably is all the publicity that has been given to the rising costs of college.

College costs have risen, tremendousiy, but so have the salaries paid working students. It has never been easy to work your way through college, but it probably isn't any harder today than it was when dad was a freshman.

In the late 1930's, the typical wage scale for students working campus jobs was 30 cents an hour. Today it is near $1.25 an hour. The going rate on a board job in the 1930's was 3 hours work for three meals. Today a student can earn enough for three meals with only 2 hours work.

"We firmly believe that it is possible for a student to finance his own college education through a combination of part-time work—about 15 hours per week—during the academic year and a full-time job during the summer months," says John R. Griffin, assistant dean of students at Illinois.

There probably isn't a working student on any campus in the country who doesn't think he could get better grades if he weren't working.

But the student employment directors disagree. Because a wroking student must budget his time as well as his money, they said, he tends to develop stronger study habits.

The working student should realize that the prestige-laden private colieges and universities—where tuition, room, and board alone can cost $2,000 a year or more—are out of his financial ciass.

Many smaller, iess expensive (but stili excellent) private institutions are in small communities where job possibilities are limited.

All things considered, the best bet for a working student probably is a public college or university within his own State. Tax-supported institutions are able to keep student costs to a minimum, and most are large enough to provide student employment.

TRIBUTE TO AIR FORCE PERSONNEL

Mr. MILLER. Mr. President, in the New York Journal American for Sunday, April 8, appeared an outstanding article by the distinguished writer and columnist, Bob Considine, paying tribute to the air and ground personnel of the U.S. Air Force.

The dedication to country and devotion to duty of the pilots and air crews of our Strategic Air Command bombers and the men and women who support them is the key to the deterrent capability of the United States against the use of military aggression by the leaders in the Kremlin.

These preservers of the peace are unselfish public servants. They are not demanding 35-hour weeks with 40-hours' pay. Most of them could be making more money for themselves and their families in a more secure job in private industry. Something else keeps them going—the love of their country and the realization that preservation of a just and lasting peace is the most noble of undertakings.

I ask unanimous consent that this splendid article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THEY PLEDGE LIVES AND FORTUNES TO KEEP US FREE

(By Bob Considine)

DOW AIR FORCE BASE, MAINE.—One reads these days of strumpets, cuckolds, muggers, dope pushers and larceny in high places, and one tends to despair over the direction in which we seem to be decaying.

But a trip to a place such as this great airbase on the edge of the wilderness serves as a reassuring, even inspirational antidote to the shoddiness of the times. Here men pledge their lives and, to a great degree, their fortunes to the proposition that America and the free world are worth protecting and—if attacked—shall strike back with resolution and colossal strength.

There is hardly a pilot, copilot, air crewman, ground crewman, maintenance man, administrator, hash slinger or nurse assigned here who could not make more money more pleasantly and more easily in a less hostile and sunnier section of the country.

But they stay at their jobs. It has been cruelly suggested that military people devote so much of their lifetimes to the service because the service takes care of them, offers them security and, in time, a pension. Well, there's precious little security, or perhaps even not much of a future, flying a supersonic F–101 or a nuclear bomb-laden B–52G on endless real lifelike missions from a strip that is often as icebound and fog-enshrouded as some lost land in the Antarctic.

Ask almost any man from the Strategic Air Command why he works a 70- to 80-hour week under often perilous circumstances, with no overtime pay and the perpetual cross of having to keep his efficiency score up to snuff, or suffer demotion, and he will shrug and say, "Well, somebody's got to do it."

We had an early breakfast the other day with a B–52 crew composed of six of the most intelligent, clean-cut Americans you could hope to meet in this or any other period.

Each was outstanding in his role within that gigantic bomber and missile launcher that was parked hardly 30 yards from where we ate.

The crew had been on alert there for 4 days and nights. They would have to stay ready for another 3 days and nights. They would not leave the immediate area of the plane during that period. They attended 6 hours of classes each day, to add a fresh edge to their already great knowledge of their several jobs. They dressed in the light coveralls that are worn beneath flying suits. Their suits hung near their beds, along with their helmets, boots, gloves, oxygen masks. They could expect to be klaxoned out of their bunks or wherever else they might be, without warning, at least twice during the week.

For them, as for other SAC crews around the world, there are no longer any aimless flights. The day of the training stint is just about done. When the horn sounds, the crews on alert start to war. This particular crew had proved, more than once, that it could be roused from sleep, suit up, scramble into the plane, start its eight engines, activate its indescribable electronics systems, and taxi away in under 5 minutes.

They might not know for 5 or 6 hours later, as they approached the prime target and its auxiliaries, that this was not the real McCoy. Then back to Dow, their fuel tanks replenished by a risky drink from a lumbering K–97 tanker—perhaps hundreds of miles out over a stormy ocean. Then to find Dow's strip, somewhere down there, and put the 400,000 pound (plus) bomber gently on the earth, its mixture of H-bombs and A-bombs intact.

A hard life, but they accept it and stick with it in the face of the blandishments of civilian life, because, well, "Somebody's got to do it."

A hard life, but a proud one, too. They have developed, in this tense peace, an esprit de corps acquirable usually only in war. Col. Harry R. Burell, commander, 4038th Strategic Wing (SAC), took us to one of the officers' dine-in formal dinners Tuesday night and it was almost like something out of the days when the RAF was winning the Battle of Britain.

No smoking until after the main course. There were toasts to the President, to the Air Force Chief of Staff and to various units that had outperformed others. It was a man's dinner, attended by gentlemen who—at a time when there would appear to be reason to doubt the goodness of their land—would lay down their lives to defend it.

AID PROBLEMS IN THE FREE WORLD

Mr. MUSKIE. Mr. President, as the Senate takes up the Foreign Assistance Act of 1962, it may be well for us to take a look at what other free world nations are doing in the important business of strengthening the economies of the underdeveloped countries. Too often we assume that the United States is carrying the burden alone.

Frank M. Coffin, Deputy Administrator of the Agency for International Development, and former Congressman from the State of Maine, has provided us with an up-to-date report on the activities of our allies in the foreign aid field. Mr. Coffin was a member of the Foreign Affairs Committee during his two terms in the House. He is an authority on the Common Market. He recently made an on-the-spot survey of aid activities in Europe, Canada, and Asia.

Last Sunday, June 3, the Washington Post published an article by Mr. Coffin on his findings. I commend it to the attention of my colleagues as a concise and illuminating discussion of foreign aid by an able and articulate student of the problem.

Mr. President, I ask unanimous consent that the article by Frank M. Coffin, entitled "Allies Are Carrying Their Share of Aid," be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ALLIES ARE CARRYING THEIR SHARE OF AID

(By Frank M. Coffin)

In the history of nations, a decade and a half is a short time for a wheel to turn full circle.

Fifteen years ago, on June 15, 1947, Secretary of State George C. Marshall, in a commencement address at Harvard, confronted the American people with a problem, a task and an opportunity.

Speaking starkly and pungently, he said: "The truth of the matter is that Europe's requirements for the next 3 or 4 years of foreign goods and other essential products—principally from America—are so much greater than her present ability to pay that she must have substantial additional help or face economic, social and political deterioration of a very grave character.

"The remedy lies in breaking the vicious circle and restoring the confidence of the European people in the economic future of their own countries and of Europe as a whole."

Seldom in great public matters have diagnosis of the problem, prescription of the remedy, commitment to action and predicted results occured with such precision.

THE UNTOLD STORY

Today Europe, long since rebuilt and growing fast in economic strength and toward political unity, is joining with us, Canada and Japan in recognizing a larger common problem, task and opportunity. The problem is the poverty and despair of one-third of the peoples of the world. The task is to create confidence that all nations can best develop in freedom. The opportunity is to mobilize the energies, knowledge and resources of those who have and those who need.

Americans know only part of this story. We know the story of our part in the postwar recovery of Europe and Japan. We know the stories of their fantastic growth and increasing competition. We do not know the story of free world foreign aid. And yet the idea of foreign aid is one of our most significant and durable exports.

We responded generously to the challenge of the Marshall plan. Most Americans took pride in thise effort. We have finished that effort and shifted our help to the poorer nations.

As a nation, we are 150 percent richer than when we launched our aid to Europe. Each American today is contributing less than half as much for economic aid as he did between 1946 and 1951. And yet there is a tendency for our early pride and enthusiasm to yield to doubt and self-criticism. Much of this stems from the feeling that we are bearing the whole burden; that Uncle Sam has become Uncle Sucker.

It was to test this belief, to winnow fact from fancy, that Fowler Hamilton, Administrator of our new Agency for International Development, sent me last winter to visit the capitals of Germany, France, England, Belgium, Italy, Japan, and Canada—an unprecedented itinerary for an official concerned with aiding developing countries. It was difficult to explain to colleagues preparing for the rigors of sub-Sahara Africa or volatile South America. I had to remind them that United States aid officials had to be just as concerned with countries which could give aid as with those which needed aid.

The high point of this tour was DAC, the Development Assistance Committee of the 10 aid-giving nations of Europe, Japan, Canada, the Common Market, and the United

States, with the World Bank as an interested observer. Located in Paris, it seeks to provide a forum, a fact-gathering center, a conscience and an instrument for coordinated aid action by its members.

The basic lesson learned was that the task of helping the newly developing countries is now accepted as a normal function of industrialized nations. It has become part of the fabric of responsibilities of both governmental and private sectors in all the countries I visited.

AN EXPORTED DIALOGUE

As a member of the House Foreign Affairs Committee, I used to join in the annual dialogue with the executive branch on foreign aid. I sometimes think we could have substituted a long-playing record.

On side 1, the legislators would complain about waste, ungrateful recipients, our ability to afford aid, our problems of unemployment, the difficulty of persuading constituents, and the rigidity of bureaucracy. On side 2, the executive spokesmen would talk about their efforts to improve their organization and procedures, the nature of the threat to a free world, the dangers of cutting their budget estimates, and the progress made in countries being helped.

The point I make here is that precisely the same dialogue is now going on in the countries I visited. There are aid ministers arguing with finance ministers, Cabinet meetings on the aid budget, parliamentary committees and debates on aid, interminable aid missions from underdeveloped countries, newspaper articles, and public discussion.

The figures tell part of the story. According to the Organization for Economic Cooperation and Development (the successor to the Organization for European Economic Cooperation, which administered the Marshall plan, now enlarged to include the United States and Canada), its 19 members other than the United States contributed $2.3 billion of economic aid in 1960, compared to our own contribution of $3 billion. The first figure represented an increase of $1 billion or 73 percent since 1956, compared to our own increase of $0.8 billion or 39 percent.

Even more remarkable is the fact that if we consider total resources, both private and public, channeled into developing countries, those from Western Europe, Canada, and Japan amounted to $4.4 billion in 1960, compared to ours of $4 billion.

In terms of percentage of gross national product devoted to aid, our OECD partners and Japan increased their giving from 0.46 percent in 1956 to 0.64 percent in 1960 while the U.S. effort rose from 0.51 percent to 0.59 percent. Contrary to the view of the average American taxpayer, the proportion of our gross national product devoted to economic aid is not the highest in the world. Here are the top 10:

	Percent
France	1.59
Portugal	1.52
Belgium	0.85
United Kingdom	0.64
United States	0.59
Germany	0.56
Netherlands	0.47
Japan	0.44
Italy	0.42
Canada	0.21

(These figures include grants, loans over 5 years, contributions to international organizations, reparations, consolidation credits and purchases of World Bank securities.)

Behind these figures lies a postwar, postcolonial discovery by the West of the significance of over a billion people, mostly undetermined as to the form of their government, mostly of skins other than white, mostly of faiths other than Christian but all churning in a molten substructure of want, ignorance, illness, frustration, and determination to build better lives.

New initiatives growing from this discovery are motivated by a blend of idealism and realism; of commercial advantage, national prestige, enlightened self-interest, and moral obligation. And not the least of the wellsprings is this sense of moral obligation that has pricked the conscience of the individual.

This seldom becomes articulate. It is illustrated by the story told me in Germany of pastors in the Ruhr Valley who set aside one Sunday for the support of voluntary aid projects overseas. Their collections exceeded their highest expectations.

Each country visited seemed to be responding to this responsibility in several ways. The Federal Republic of Germany, troubled as it is by the Berlin specter, had just taken the amazing step of quadrupling its aid commitments—from a little over $0.3 billion in 1960 to almost $1.4 billion in 1961.

It had also just created a new Ministry of Economic Cooperation to centralize its aid activities in 40 countries. One German official said that his working routine was upset at least once a week by the visit of some African economic mission.

German businessmen also are exploring opportunities oversea, often aided by credit guarantees and tax incentives.

The top aid country, proportionately, is France. Despite her problems in Algeria and Tunisia, she has maintained a level of from $800 to $900 million a year for economic assistance overseas. The percentage in terms of France's gross national product is almost three times that of the United States. A new Ministry of Cooperation has just been created.

Our own AID is just entering the field of systematic research of development activities; France already spends about $10 million a year for this purpose. One measure of France's commitment is the 30,000 French teachers, civil servants, and experts in Africa and Indochina. This is over four times the number of Americans directly employed in our own aid programs.

Like the Germans and the French, the British have broken through the barriers of established bureaucreacy to create a new Department of Technical Cooperation which is staffed by some 700 experts and supporting personnel. Despite her balance-of-payments problem, Britain's current aid level is over $400 million yearly.

Even in Belgium, torn by troubles in the Congo, the forward-looking influence of Prime Minister Spaak has resulted in a new Office for Development Cooperation and a high-level council of expert advisers. Belgium have over 3,700 technicians and teachers in the Congo, Rwanda, and Burundi and almost 2,000 Africans in Belgium as students or on-the-job trainees.

Here is a nation with one-twentieth the population of the United States with half as many nationals in economic aid activities overseas.

The European Economic Community, or Common Market, is another aid-giving "country." This six-nation entity has its own aid program for African countries and its own fund, with commitments averaging over $100 million a year. It finances some 350 scholarship trainees a year and hopes soon to triple this rate. It plans a new Common Institute of Development to include both giving and receiving nations.

Italy, plagued with the political, social, and economic problems of its own south and feeling its way under Prime Minister Fanfani's "opening to the left," is nevertheless showing signs of an aid awakening. It has been financing a significant volume of exports to less developed countries but it needs to program its aid more effectively while at the same time offering terms that are within the realistic repayment capacity of the countries assisted.

Japan shares some of Italy's problems of intensive growth, preoccupation with domestic issues and an approach to aid largely outside the budget, through export credits and guarantees. However, it has established an Oversea Economic Cooperation Fund and an Economic Cooperation Bureau in the Foreign Office. Its Export-Import Bank has available some $350 million for medium-term lending.

From the start of its technical assistance program to last October, some 3,500 foreign trainees and students studied in Japan while almost 500 Japanese experts served in less developed areas of the world. Ten technical training centers have been set up overseas and three more are planned.

Canada is in the anomalous position of being the second richest country per capita in the world but with only one-fifth of 1 percent of her gross national product devoted to foreign aid. Progress has been made with the passage last year of a $200 million export credit program and the establishment of an External Aid Office. Canada has much more to offer a real free world aid movement.

There are efforts in countries other than the seven I visited to participate in this movement. Scandinavia, Israel and the Netherlands are among them. There are also the important international efforts of the United Nations Special Fund and Technical Assistance Programs, the World Bank, its International Development Association and the Inter-American Development Bank.

But there are serious problems. Some countries think too much in terms of trade advantage. All of them maintain too strict lending terms of repayment and interest to allow sustained development to take place. Some are addicted only to loans, other only to grants.

There is a tendency for aid-giving countries to assist only those nations to which there are special ties. There is too little agreement on the kinds of aid which best serve various stages of development.

Free world aid is like a flotilla of ships vaguely trending toward a distant port with each vessel under different sailing orders. What is needed is at least a central operations room where all courses can be plotted and collisions avoided.

Such a center is the Development Assistance Committee. Evolving over the past 2 years, it may well rank as one of the great initiatives taken by the free world, together with the Marshall plan, NATO, the Common Market and DAC's parent OECD.

DAC's unique place in international aid is based on the fact that it has direct access to its member governments. Officials at senior levels of government frequently attend its meetings. It is therefore an instrument which can be used not only to increase the level and effectiveness of the aid programs of its own members; it can also strengthen the national support given such organizations as the United Nations, the World Bank and its soft loan affiliate, the International Development Association.

Important steps have been taken by DAC. In March 1961, it recognized the concept of a "common aid effort" by all its members. It is now taking the first step to breathe life into this concept by conducting an annual review of the aid program of each member country.

DAC members are also vitally involved in the creation of an OECD Development Center, a study of technical cooperation in Latin America and consideration of a program of investment guarantees applicable to all its members.

DAC is not confining its role to examining, thinking, and discussing, however. Under a resolution passed in January, its members are prepared to form coordinating teams for efforts in various countries. DAC hopes soon to have teams working on at least one coun-

try in each of the major developing regions of the world. These teams will consider the problems and needs of the country, the aid programs of the donors and ways in which they can pool their efforts more effectively.

The United States views DAC as indispensable to the task of mobilizing free world aid resources. U.S. Ambassador James Riddleberger is chairman of DAC. A high-level American team headed by Ambassador John Tuthill represents us at DAC in Paris. And our Agency for Internationad Development has a specific organizational unit concentrating on matters coming before DAC.

It will be through a combination of discussion and action, of putting their money and their skills where their discussions lead them, that DAC's members can create a movement rivaling in achievement the historic awakenings of exploration, migration, and intellectual awareness. For this will be an awakening to action for one-third of the human race.

And all of this is but the extension of the logic of General Marshall's historic words at Harvard 15 years ago.

WIRETAPPING LEGISLATION

Mr. MUSKIE. Mr. President, as a member of the Permanent Subcommittee on Investigations of the Committee on Government Operations, I have participated in a number of hearings related to the problem of controlling criminal activities, and illegal gambling. Increasingly, I find, we are confronted by the dilemma of providing adequate tools for law enforcement officials without infringing on basic civil rights.

Nowhere is the problem more acute than in the area of wiretapping. Before any action is taken on proposed legislation dealing with wiretapping, the whole subject should be given a full discussion and searching debate.

Today, I offer for the consideration of my colleagues, the cogent arguments of the Attorney General for his position and for the proposed law which he favors. I do this in an effort to contribute to the discussion of the issue.

The Attorney General's arguments appeared in an article by him in the Sunday, June 3, edition of the New York Times. I ask unanimous consent, Mr. President, that the article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ATTORNEY GENERAL'S OPINION ON WIRETAPS

(By Robert F. Kennedy)

In 1959, while inspecting a firealarm station, the fire chief of a large western city made a startling discovery. The recording system had been rigged to record not only firealarm calls but also all calls on the chief's private line. The chief looked further. He found a recording tape on which was transcribed a personal telephone conversation between him and a U.S. Senator.

The Department of Justice discovered the identity of the wiretapper—but was forced to close the file on this case last September without any action against him. He could not be prosecuted under the present Federal wiretapping statute, which should protect against such gross invasion of individual privacy, but does not.

Last fall, District Attorney Frank Hogan of New York City developed a strong case against seven of the top narcotics distributors in the country—men who had operated a multimillion-dollar narcotics ring in the New York City area for more than 5 years. Yet on November 14, Mr. Hogan abandoned his prosecution of the seven men. Much of his evidence came from wiretapping and—although the wiretaps had been authorized by a court, as is permissible in New York—he felt he could not introduce this evidence without committing a Federal crime.

In other words, the men could not be prosecuted because of the present Federal wiretapping statute, which should permit reasonable use of wiretapping by responsible officials in their fight against crime, but does not.

Clearly, there is almost no one who believes this law, which enhances neither personal privacy nor law enforcement, to be satisfactory. Indeed, bills to change it—section 605 of the Federal Communication Act—have been introduced in virtually every session of Congress since it was passed in 1934. But the present law has remained on the books, the beneficiary of the stalemate resulting from an emotion-hardened debate on the question of wiretapping that has gone on between absolutists for decades.

It is easy to take an absolute position on wiretapping. Some, concerned with encroachments on individual rights by society, say wiretapping of any kind is an unwarranted invasion of privacy. Others, concerned with a rapidly rising crime rate say law-enforcement officers should be free to tap telephone wires to gather evidence.

The heart of the problem—a proper balance between the right of privacy and the needs of modern law enforcement—is easy to see. It is not so easy to devise controls which strike this balance. But it is not impossible, either, and I believe that in the wiretapping bill which the Department of Justice has proposed to Congress we have formed such a balance.

There is no question that the telephone is an important asset to criminals. Here is an instantaneous, cheap, readily available and secure means of communication. It greatly simplifies espionage, sabotage, the narcotics traffic, and other major crimes.

I do not know of any law-enforcement officer who does not believe that at least some authority to tap telephone wires is absolutely essential for the prevention and punishment of crime. There are over 100 million phones in the United States and the bulk of business is transacted over the telephone. Increasingly, this business includes crime—the organized criminal and racketeering activities, involving millions of dollars, which are among our major domestic problems. Without the telephone, many major crimes would be much more difficult to commit and would be more easily detected.

Last year, Congress enacted five of eight crime bills proposed by the Justice Department. One of these laws recognized that the telephone is a major tool of organized crime and prohibited the use of the telephone for interstate transmission of gambling information. The President signed the bill on September 13. Almost immediately, several operators of major gambling services went out of business or curtailed their activities. The result has been that organized crime has been dealt an effective blow where it hurts—in the pocketbook.

This experience underscores the need for wiretapping legislation. Wiretapping often may be the only way of getting evidence or of getting the necessary leads to break up major criminal activity.

Yet, on the other hand, most people feel strongly about the privacy of their telephone conversations. None of us likes to think that some unknown person might be listening to what we have to say. There is no doubt that the Constitution confers on each individual a right of privacy—what the late Justice Louis Brandeis called "the right to be let alone."

The fourth amendment specifically protects "the right of the people to be secure in their persons, houses, and papers, and effects against unreasonable searches and seizures." In the famous Olmstead case of 1928, involving a Seattle bootlegging ring, the Supreme Court held that to intercept telephone calls by wiretapping did not violate the fourth amendment because the law-enforcement officers did not enter the house, touch the person or seize the papers and effects of the people whose wires were tapped.

But in another sense, wiretapping involves a greater interference with privacy than does the conventional search and seizure. Every telephone conversation involves at least two persons, one of whom may be wholly innocent. And in many cases the telephone that is used by a suspected criminal may also be used by a large number of other persons.

Indeed, many professional criminals typically transact their criminal business over public telephones. A tap set up to catch the criminal may necessarily overhear hundreds of conversations by persons who are totally unsuspected of crime, but whose privacy is nonetheless violated.

Even though the fourth amendment is not literally applicable—and the Olmstead decision is still the law—the principles underlying it are important in considering wiretapping. The framers of the Constitution did not outlaw all searches of a man's house and seizures of his papers and effects. They only prohibited unreasonable searches and seizures.

In particular, they recognized that Government officials could search a man's house and seize his papers. But first they required these officials to obtain a warrant from a court upon a showing of probable cause to believe that illegal material was on the premises to be searched. In other words, the framers of the Constitution attempted to balance two objectives—that criminals be caught and convicted, and that the privacy of innocent persons be protected.

This is precisely our objective today.

Wiretapping is not authorized in most States. Section 605 of the Federal Communications Act provides: "No persons not being authorized by the sender shall intercept any communication and divulge or publish the existence, contents, substance, purport, effect, or meaning of such intercepted communication to any person."

To the layman, this certainly sounds like an absolute prohibition of wiretapping except where one of the parties to the conversation consents to it. Yet wiretapping is practiced by Federal law-enforcement officers, at least some State and local governments, and—as in the case of the fire chief's phone—by many private individuals. Indeed, the laws of the six States, such as New York, specifically authorize wiretapping by law-enforcement officials under court order.

How can this be? The legal answer is that the Communications Act does not prohibit interception alone; it prohibits interception and disclosure. For this reason, every President since Franklin D. Roosevelt has authorized the Attorney General to permit wiretapping in cases involving the national security. In 1941, Attorney General Robert H. Jackson indicated that "disclosure" within the Federal Government—among officials—also was not prohibited by the act. Yet, disclosure in court—using the lawfully obtained evidence to convict a criminal—has been regarded itself to be a criminal act.

This is unsatisfactory. There is no guarantee of privacy in the use of the telephone under the existing law because anyone can listen in without violating that statute. To convict someone of illegal wiretapping we have to prove both the tap and an unlawful disclosure. That is a very difficult burden indeed.

that the Navy wants hull plates and frames capable of withstanding pressures of 150,000 pounds per square inch to enable submarines to dive to depths of 2 miles.

Only United States Steel has produced the HY-80 stainless steel alloy that meets the rigid naval specifications. Its price when compared to the 25 cents a pound for HY-80 is about double. The lowest priced similar titanium alloy is around $8 a pound.

United States Steel has not yet found a satisfactory and economical method of welding and fabricating this new alloy. Pentagon officials say no orders will follow until these problems are solved. When this new steel is adopted it will mean a complete redesign of all new submarines and their components.

THE MEDICARE ISSUE

Mr. DIRKSEN. Mr. President, because it is a partial nationalization of health care which may seriously endanger our whole voluntary medical system, any proposal directly involving the Federal Government in administration of medical care for people over 65 should be shunned.

Any compulsory health plan embracing all people, or all people in a special group regardless of whether they want or need the proposed services, constitutes a major infringement on individual responsibility and liberty. It should be opposed.

There is serious question as to whether it is proper for the Federal Government to use taxpayers' money to purchase health care services for any individual without regard to his actual need.

H.R. 4222, the King-Anderson bill, would violate all three of these precepts.

Because of this, Congress, in 1960, wisely rejected similar proposals and adopted the Kerr-Mills Act, Public Law 86-778.

The Kerr-Mills Act provides Federal funds for State-administered medical programs for the aged who need help.

Congress intended that such programs, designed for older people not on public assistance rolls, should prevent pauperization through illness and that under them the recipient's basic independence should be retained.

Kerr-Mills Act grants to the States are unusually generous.

The States are free to develop virtually any program they see fit.

Determination of what constitutes need is completely at the States' discretion.

In most States, automatic eligibility is provided the individual whose income and assets fall below a predetermined amount.

A number of new bills have been introduced in the current Congress which would avoid some obvious defects in H.R. 4222. Wide publicity has been given proposals for new State-administered plans with an individual option to elect voluntary health insurance, and proposals for tax credits for voluntary health insurance and medical expenses of people over 65.

In would appear, however, that further action in this area at least should be deferred until the full effect of the Kerr-Mills Act can be evaluated. Such study, of course, should be based on results following wholehearted efforts to implement it.

Under the Constitution, the national responsibility for such all-out promotion of the law now rests with the Executive branch.

Unfortunately, activities of responsible spokesmen for the current administration have been concerned primarily with campaigning for a proposal previously rejected by Congress. As long as this administrative reluctance to give the Kerr-Mills Act full support continues, it would appear wise for the Congress to stand firm.

Despite the foot-dragging and attacks on the Kerr-Mills Act by major administration spokesmen, the speed of its implementation by the States has been remarkable.

This gives promise that the Kerr-Mills and other existing assistance programs, coupled with expanding voluntary health insurance, will continue to provide older people with the world's best medical care unhampered by Federal bureaucracy.

THE AIR RESERVE TECHNICIANS PROGRAM NEEDS INVESTIGATION

Mr. DIRKSEN. Mr. President, an extraordinary practice is presently being carried on by the U.S. Air Force in its Air Reserve technician program. I refer to the practice of compelling civilian Federal employees who are working for the Air Force at certain stations throughout the country to become members of an Active Reserve component in order to secure or continue their civilian service or to obtain advancement and promotion.

We have received a substantial number of complaints over a considerable period of time in which the complainants charge that this practice violates the Veterans Preference Act, that under it supervisory positions are denied to those who fail to join the Active Reserve, that dual civil service registers jeopardize the seniority of such employees and that such forced enlistment in the Air Reserve technician program is illegal and wrong in principle.

This problem is of nationwide scope and it would appear that opportunities to secure a civilian job in the A.R.T. program is used as a lure to secure enlistments in the Air Force Active Reserve.

In a civil service handbook bearing the number "X-151," entitled "Recruitment of Air Reserve Technicians Through Competitive Examination," and issued by the U.S. Civil Service Commission in April 1958 for use by Air Force Boards of U.S. Civil Service Examiners, there appears on page 4 of this handbook the following:

> Reserve membership: In addition to meeting the examination requirements indicated below, applicants must be (or must be willing and eligible to become) active members of the local Air Force Reserve unit in which these positions exist and must maintain such membership during their tenure of employment. Applicants who are found ineligible for Reserve membership can be given no further consideration for Air Reserve technician positions unless their ineligibility is due to a temporary condition or situation or to a remediable physical defect.

Last October I submitted this problem to the chairman of the Committee on Armed Services, the distinguished Senator from Georgia [Mr. RUSSELL] who very kindly presented it to the Secretary of the Air Force.

In a reply to Chairman RUSSELL, Gen. Perry M. Hoisington, Deputy Director of Legislative Liaison for U.S. Air Force, states:

> No person is forced to enlist in the Air Force Reserve but must be willing to become a member of the Reserve or already be a reservist to be eligible for an A.R.T. position.

Mr. President, I submit that if a person is in the A.R.T. program and that at the end of his Reserve enlistment refuses to reenlist and as a result his civilian job in the A.R.T. program comes to an end that, in my judgment, is a forced enlistment, and I know of no other way to characterize it. It is very simply the exercise of compulsion in the field of civil employment.

One may note further in that same letter that the Air Force, relying on the Civil Service Commission and upon the advice of staff members of the House Committee on Post Office and Civil Service, takes the position that under general civil service authority no legislation was deemed to be necessary to implement and carry out this program.

To require applicants for an A.R.T. position to meet civil service standards is not objectionable as such. To require that they meet certain physical standards may also not be deemed objectionable, but to require enlistment in the Active Reserve as a condition precedent to securing or holding a civil service position is not only of dubious validity but, in my judgment, a departure from sound principles.

Mr. President, other members of the Senate may have been confronted with this same problem. I am, therefore, asking that the Senate Committee on Post Office and Civil Service make a complete investigation of this matter in the interest of the integrity of our civil service system. I shall send copies of this statement, with a covering note, to the chairmen of the Armed Services Committees of both House and Senate, the Post Office and Civil Service Committees of both House and Senate, to the Civil Service Commission, and to the Secretary of the Air Force. I shall ask the committee to make a report as quickly as possible.

As a postcript to this statement let me but observe that to compel a person with many years of civilian service to enlist or reenlist in the Active Air Force Reserve is, in fact, putting his rights in jeopardy as a civil service employee and, frankly, I know of no specific statute or of any valid rule or regulation under which this can be legally done. In the absence of such a statutory requirement, it would appear that the Air Force action in this matter is somewhat capricious and unreasonable and as such it merits a full and complete investigation.

YOUNG GI'S DESERVE TO GET CHANCE AT CATCHING UP IN SEEKING AN EDUCATION

Mr. YARBOROUGH. Mr. President, I sincerely hope that my bill calling for educational assistance to post-Korean war veterans, S. 349, known as the cold war GI bill, will receive quick consideration in the light of current international developments.

I wish to emphasize, particularly, the risks faced by today's American serviceman, no matter where his duty station may be, in light of the tensions that exist in areas such as Laos, Cuba, West Berlin, and other trouble spots on the globe.

Young men in the Armed Forces today deserve better treatment than they get on completion of their military obligations.

S. 349, the cold war GI bill, which is cosponsored by 36 other Senators, would help to remove the injustice being imposed on our young veterans.

We acknowledge the buildup in Communist military power in considering our own budget for military defense. We must go a step further and acknowledge the risks our servicemen take, and see to it that they receive the GI bill benefits which they earn by service in a time when peace is uneasy at best.

These men, whose lives are interrupted by a call to arms, are justly entitled to help in resuming their civilian lives without undue hardship. The 45 percent of young men who serve this country are entitled to a fair opportunity to catch up with the 55 percent who do not serve, but who remain free to advance themselves.

The GI bills of World War II and the Korean war have unquestionably proved their worth to our country. A GI bill for post-Korean war veterans likewise will prove its worth beyond question.

Mr. President, Columnist Joseph Alsop has written an article concerning the intensified concentration of Russia upon building its military strength at the expense of pressing domestic problems. To emphasize the fact that young American servicemen today are in no cradle of security, I ask unanimous consent to have printed at this point in the RECORD Mr. Alsop's article, entitled "Guns Before Butter," published in the Washington Post and in the New York Herald Tribune of June 4, 1962.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

GUNS BEFORE BUTTER

(By Joseph Alsop)

Reports from Moscow announce that the butter price there has been raised to almost $2 a pound and that, even at this high price, butter is not always obtainable. Not enough has been said, however, about the root cause of the butter shortage, which is the massively increased Soviet investment in guns.

The guns-before-butter choice was formally made last winter. The Central Committee of the Soviet Communist Party met in full session, to discuss the crisis in agriculture. The farm crisis was publicly admitted and frankly documented. Yet the principal decision taken was to swell the ranks of Soviet agricultural officialdom—to use bureaucrats, in fact, as a novel substitute for fertilizer.

Almost simultaneously, the Soviet Government also announced that its defense budget had been increased by a staggering 45 percent, which is about double the Kennedy increase of the Eisenhower defense budget. Except in demonological circles, almost no attention was paid to this announcement concerning the defense budget, but if the announcement was not misleading, it constitutes a new fact of the utmost worldwide importance.

Since the Kremlin announcement was made, this reporter has tried to get at the truth, both here and in Europe. The truth is not easy to ascertain, and even when data are obtainable, you at once discover there is much dispute about the data. Here, however, is the best brief summary that can be offered:

First of all, there is no doubt at all that the Soviet defense effort has been greatly intensified. The first open symptom was the abrupt reversal of Nikita S. Khrushchev's shrink-the-armed-forces program in the summer of 1961. Special callups and holdovers in service brought the number of men in uniform up to the level that had existed before Khrushchev gave his order for a reduction. This meant an overall increase of several hundred thousand men.

Secondly, the intensification of the Soviet defense effort is by no means limited to this increase of men in uniform. In itself the increase must be a heavy strain, since Russia is now passing through a period of extreme scarity of young manpower, caused by the low birthrate and poor infant-survival rate in wartime. Yet the strain on the economy of the increased investments in military hardware must be greater still.

In the field of missile hardware, alone, the current Soviet investments are downright astonishing. On the one hand, a second-generation Soviet intercontinental missile, comparable to the American liquid-fueled Titan, is now in quantity production.

Large numbers of launching sites are also being built for these missiles, not "hardened" like the American ICBM launching sites, but still fairly costly. The program is being pushed forward with such speed that within 12 months the Soviets may add as many as 200 new ICMB's to their operational arsenal.

On the other hand—and even more costly—the Soviets are also pushing forward with great speed a truly vast program of surface-to-air missiles like the American Nike. The Soviet industrial centers are thickly surrounded by new SA II's, as the Defense Department calls the missile comparable to our Nike-Hercules. But the SA II's, highly effective against aircraft attacking at high altitudes, are of little use against planes coming in on the deck, in accordance with the new tactics of the U.S. Strategic Air Command.

Hence the thousands of SA II's are now being supplemented, apparently without regard to cost by huge additional numbers of SA III's—surface-to-air missiles designed to knock down attacking planes at low altitudes.

The cost of installing this elaborate point defense of all the major Soviet industrial centers is so great that it is now thought to absorb up to 35 percent of the entire Soviet defense budget. Yet the whole system will be obsolete in the near future, when SAC phases out its aircraft and places its main reliance on long-range ballistic missiles.

Finally, further large but indeterminate amounts are also being invested in a major Soviet effort to produce an anti-missile-missile. Even so, the majority of demonologists hold that the announced increase in Soviet military spending is in part a fraud. They argue it was partly achieved by openly including in the defense budget expenditures formerly concealed in such mysterious items in the Soviet national budget as "financing the national economy." This item and others like it have indeed been somewhat reduced, making the case for partial fraud rather convincing.

Yet the degree of fraud—if fraud there be—is very much less significant than the undoubted fact that the Soviet national policy is again rather emphatically putting guns before butter.

FOREIGN ASSISTANCE

Mr. YOUNG of Ohio. Mr. President, our experience has taught us that foreign-aid programs have been a basic influence in building and preserving the strength of the free world. Experience has also taught us that foreign aid can be subverted and used to strengthen undemocratic and authoritarian regimes.

I indict two countries which receive our foreign aid as being ruled by ruthless dictators. In these countries American taxpayer's money has been squandered to strengthen the choke hold of tyrants. Many unfortunate citizens of Haiti, who live in squalor and misery, and of Spain find themselves deprived of human dignity and freedom. They have no authority in the government of their countries. If they voice any objection to oppression, they are subject to swift and brutal retaliation by secret police.

Mr. President, the Senate is now considering a $4.3-billion foreign aid authorization bill. I expect to support the bill. However, I feel that expenditures for assistance to governments which deny their citizens basic human rights, civil liberties, and democratic processes cannot be justified. I shall oppose all such appropriations of money secured in taxes from our people. I feel it unwise to support Franco's Spain and Duvalier's Haiti.

America was built by men who cherished human freedom above all else. The Government of the United States is pledged to preserve freedom. Americans have fought and died to defend freedom. Should we later vote to put part of America's wealth into the pockets of tyrants who deny this freedom which we hold so sacred and have paid for in blood?

Mr. President, I am fully aware of the problems faced by the United States in the cold war. I would never advocate any measure which I felt would weaken the security of our country. We must maintain our military, nuclear, and retaliatory superiority. We must act to halt the spread of communism whenever and wherever it threatens to expand.

The question then is whether continued aid to the tyrants in Spain and Haiti will help in the struggle against communism.

In the case of Haiti the answer is quite clear. There is no military advantage because we have no bases in Haiti. Politically there is no advantage.

Not having any good reasons to justify our aid to Dictator Francois Duvalier, we have adopted bad ones. Fear is the main reason for our aid. Duvalier has

shown great talent in extracting economic and military aid from us by playing on our fear that Haiti might turn to the far left or refuse to support our position in the United Nations and the Organization of American States.

Many policymakers argue that if Duvalier should fall, a Castro-like catastrophe might result. I hold this view to be completely backward. The Castro-type revolution will be more likely if Duvalier stays. If we recall the Batista era in Cuba, we can see the parallel.

Mr. President, intervention is an offensive word, and in this instance we are intervening on behalf of a ruthless dictator instead of on behalf of the oppressed people of Haiti. Let us stop supporting this tyrant. Let us for once decide to give aid constructively or not at all. What good reason can there be for us to supply armaments—planes, tanks, and machineguns—to this tiny Caribbean country?

In Spain a similar situation exists. A Fascist dictator is in absolute power. The Spanish people are the victims of a legalized tyranny.

The United States maintains a large military establishment in Spain. We have three major Strategic Air Command bases and two naval airbases that were built in Spain at a cost of over $400 million.

Generalissimo Francisco Franco has used these bases as leverage for economic assistance and military aid. This dictator is constantly increasing his demands on us and is always using the veiled threat of removal of our bases unless we knuckle under to these demands.

Mr. President, since January 1961 our defenses and the might of our arms and retaliatory power have been greatly strengthened in missilery, and our Polaris-firing submarine force is being added to constantly.

Could not these new weapons be based in other areas of the European-Mediterranean sector without sacrificing any of the retaliatory powers which our bases in Spain now afford us?

Mr. President, the United States is the strongest nation in the world. It is the leader of the free world. Its actions are observed by the people of the world. Can we with one hand wave the banner of freedom, and with the other hand pass our funds and guns to dictators who practice tyranny and oppression? I, for one, do not think we can condone such a policy. Therefore, I may offer an amendment to the bill, and certainly I shall seek to amend the foreign assistance appropriation bill to exclude handing over American taxpayers' money to strengthen the power of dictators such as Haiti's Duvalier and Spain's Franco to further oppress the people of those countries and suppress their civil liberties.

This is born of my firm conviction that it is unwise to support a dictator no matter how convenient it may seem to be. In the long run it is the people who count and no regime is worth supporting if it keeps the people down. Such a regime presents a classic opportunity for a revolt and a possible Communist takeover.

My proposed amendment is not complicated. It would, if passed, be an effective implementation to a policy of constructive assistance by denying aid under this act to the present tyrannical governments of Spain and Haiti.

Therefore, later, when we are considering appropriations for our foreign-aid program, I certainly intend, Mr. President, to offer appropriate and adequate amendments to cut off any foreign assistance whatever to dictatorship or tyranny, wherever it exists.

REPORT ON EUROPE AND RUSSIA

Mr. KEFAUVER. Mr. President, the distinguished editor and president of Look magazine, Mr. Gardner Cowles, recently returned from Moscow, where he interviewed Soviet Premier Khrushchev.

On the basis of that conversation, together with his broad experience and knowledge of world affairs, Mr. Cowles prepared an excellent article that shows clearly why Mr. Khrushchev is so distressed about the success of the European Common Market—an attitude betrayed by his statement of last week.

The Cowles article, which appeared in the June 5 issue of Look, is also persuasive evidence of the need to give the President the tools he will need in order to bargain with the Common Market, after the present Reciprocal Trade Agreements Act expires at the end of this month.

In order that Mr. Cowles' article may by widely read, I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AN EDITOR REPORTS ON EUROPE AND RUSSIA

(By Gardner Cowles)

Great changes usually come slowly. There is, generally, no one moment to which you can point and say, "This was the great milestone." Yet, as I walked into the 40-foot-long, airy office of Soviet Premier Nikita Khrushchev last month, the same half-paneled, vaulted room just inside the Kremlin's walls where I met Joseph Stalin 20 years before, I was struck by the enormity of the changes—specific, identifiable changes—which have refashioned our lives in the past 2 decades and which are remolding them anew today.

It is in Moscow, more than in any other city on the globe, that an American appreciates fully his own contributions to the flow of modern history. For it is in the Soviet Union, in the land of the "great upheaval," that an American becomes aware of his revolutionary role and of the permanent revolution of the West.

My lengthy interview with Khrushchev reinforced this conviction. Yes, he considers himself a revolutionary, and he believes fervently that logic, time, and history are all on the side of the Communists. Capitalism, he said again and again, had outlived its historic usefulness; now it was moribund, ready to be replaced by his more advanced system.

Yet it was plainly evident that the everyday problems with which he is confronted—how to grow enough food, how to create an efficient distribution system, how to instill incentives, how to answer the growing desires, spiritual as well as material, of his people—weigh heavily on him. Even he, I think, is aware of, and perhaps slightly perplexed by, that greater feeling of excitement and of change that marks Western society today.

Despite his reputation for realism and for the practical, I doubt that Khrushchev is conscious of the import of the five great recent changes which will radically alter all our lives and with which we Americans have had so much to do:

1. The unification of Western Europe has now passed the point of no return. Britain, and then Denmark, Norway, and Ireland, will soon join the thriving Common Market, thus creating the largest, most dynamic, economic community in the world.

2. The era of colonialism has ended. The peace in Algeria arranged by President Charles de Gaulle has rid the West of its most troublesome burden in Africa and in the uncommitted world. Britain will soon sever its remaining hold on African colonies. A major source of friction between Western nations and between them and the new countries will thus be removed.

3. The great schism between Red China and the Soviet Union has permanently cracked the monolithic unity of world communism. However Moscow and Peiping may strive to paper over their differences, the struggle between these two giants of communism will continue underground, dividing their followers everywhere and diminishing the attractions of their ideology.

4. The United States and the Soviet Union are now each aware they have the power to incinerate the world. The Russians know the Americans lead in atomic weaponry; they know that the arms race is consuming money and talent at a fantastic rate; they know that they cannot risk war, and they dare not risk real peace. Both sides recognize there is no alternative but to find some kind of tolerable understanding with each other.

5. The United States has set into motion the long, complex train of events which will lead to the creation of a genuine free-world community, encompassing Western Europe, Japan, North and South America. At first, this will mean only better cooperation in economic and financial matters, primarily between us and Western Europe. But it will grow into a great Atlantic community with a powerful magnetic attraction not only for new nations, but even for those of Communist Europe.

There are few, either in the West or East, who can comprehend the magnitude of these five great changes-in-the-making; there are still fewer who can predict just how they will affect each of us. But just 20 years ago, when I went with the late Wendell Wilkie to meet Stalin in that third-floor room that serves as the command post of Russia's rulers, there was no one rash enough to imagine the major realities of the next two decades.

Stalin then thought only of survival. Hitler's armies had swept across the Russian plains and all of Europe. Even the diplomatic corps had evacuated Moscow. As the dictator led me to a parapet overlooking the Kremlin walls, I could see the flashes of German guns on the horizon. The Nazis were that close to Moscow. All he wanted to know was when the West would open its second front in Europe and when more U.S. aid would arrive.

Change comes so swiftly that events often overtake the men who set them in motion. Hitler learned that lesson. Stalin's followers have learned it. Khrushchev may now be on the point of learning it.

It is a mistake to think that, because both men called themselves Communists, Khrushchev and Stalin are really at heart alike. Stalin was cynical, cruel, and secretive. He distrusted all men, even his closest associates; he enclosed the Soviet Union behind an Iron Curtain; and he imposed a terror that was complete. Secondly, for all his craftiness, he was ignorant. He had never

ventured outside the Soviet Union. He had, as Khrushchev reminded me, only the most primitive knowledge of modern agriculture and the technological revolution in the Western World. He was obsessed with "steel," the name he had adopted as his own.

Khrushchev, on the other hand, is an extrovert, an optimist, and, as he likes to say, a realist. No less a Communist, no less mistrustful of the West, no less ready to be ruthless in a crisis, he was shrewd enough to realize very quickly after Stalin's death that Russia was doomed to be a backward land mired in the 19th century if it perpetuated Stalinism. How could communism, he asked, promote itself as the wave of the future, if it were so rooted in the past?

He therefore set himself a new goal. In addition to the Moscow aim of establishing a Communist world hegemony, he decided that communism must prove in his lifetime that it can provide prosperity in the U.S.S.R. To attain this new objective, he had to modernize Soviet society. Instead of mass terrorism, he had to introduce something akin to normality. Instead of frightening people into working, he had to offer incentives. Thus, the Iron Curtain was opened to some of the winds of the 20th century.

Still a dictatorship, the Soviet Union is far different today than I found it 6 years ago on my last visit. Naked terror is gone; authority has been greatly decentralized; quality is replacing quantity as the official norm; skill is starting to count for more than bureaucratic burbling. In particular, youth is coming into its own. Once Khrushchev set the example by his many excursions abroad, young Russians also wanted to journey. Once Khrushchev started to undermine Stalinist precepts, they, too, began to seek answers to questions such as "What is truth?"

Nowadays in the big Russian cities, simple Western fashions are quickly copied. The thirst for knowledge of the West, especially of the United States, is apparently unquenchable. Specialists well versed in Western know-how move into affluent positions faster. In this less tense atmosphere, the infectious tinkle of laughter is heard more frequently. And despite the years of incessant anti-American propaganda, there is an overpowering will among the Russians for friendship with Americans.

In a strange, tentative way, a kind of public opinion is beginning to stir in Soviet society. It voices its heartfelt desire for peace, for more and better goods, for fairer distribution and for justice. The Russian people have just begun to nibble the forbidden fruit of limited freedom, and they want more. Khrushchev, a leader who travels around his country perhaps more than any other in the world, is very alert to these desires.

Increasingly, he finds that the strain on Soviet resources is putting him in a bind. For all his boasting that the Soviet Union is now the second nation of the world, he just hasn't the resources to do everything at once—to satisfy his military men, his economic planners, his consumers, his scientists and his allies. The weakest link is agriculture, which is still producing no more than it did 4 years ago, which still uses more than 40 percent of the Soviet labor force (as against our 7 percent) and which must feed a population growing by 4 million a year.

Khrushchev revealed to me that he will make a massive investment in agriculture in the coming years—more tractors, fertilizer plants, farm equipment and so on. He hinted that the money will be diverted from the moon-shot program. Even as we talked, the Russians were announcing the indefinite cancellation of the World's Fair they had planned in Moscow in 1967 to mark the 50th anniversary of their revolution. These decisions to choose bread instead of circuses are the first of their kind since the war. Nothing could indicate better the strain on Russian resources; nothing could better explain the Soviet desire to come to some agreement with the United States.

KHRUSHCHEV REALIZES THE FULL DANGERS OF WAR

These factors, particularly his inability to give aid to the Chinese Communists who are threatened with famine, have brought Khrushchev into conflict with Mao Tse-tung. The Chinese Communists are faced with the problem of their survival in power. Any accommodation between the West and Khrushchev will only increase their difficulties. Still far behind the Soviet economy, unable to grow enough food, incapable of running their industry smoothly and without hope of any aid, they want to speed the world revolution and thus get their hands on the raw materials in Asia, Africa, and elsewhere.

But Khrushchev realizes the full dangers of war. As he told me, he has witnessed nuclear explosions. He is not ready to run that risk as long as he knows we are ready to defend freedom and as long as he knows American strength is greater than his. For the moment, he will not budge on the key issue of our troops in Berlin and of nuclear inspection. But I venture to predict that he will not push his demands to the point of conflict with the United States and that he will agree to interim settlements in Berlin and to joint pledges concerning outer space and possibly some start on arms limitation.

If he takes these first steps to defuse some of the tensions in the world, it will make it all the more difficult for him in the future to revert to saber rattling. For much in the world outside Russia is also changing—and these changes will have enormous impact on the ever-more sophisticated Soviet managerial class, now in their thirties and forties and without the experience of the Russian revolution.

The Common Market of France, Italy, West Germany, the Netherlands, Belgium, and Luxembourg is something the Russians just can't fathom. Its fabulous growth is contrary to all the lessons of Marx, Lenin, and Khrushchev. It leaves them stunned. They simply can't explain how moribund capitalism created this true revolution. They can't comprehend why or how we Americans gave our political and financial support so unstintingly to breed this new colossus.

The energy thrown off by the fusion of the six economies is breathtaking. What was the miracle of German recovery has become the miracle of French, Italian, and Dutch development. In the 5 years since the Common Market began operations, there has been a fantastic turnaround. Five years ago, France was the "sick man of Europe," its governments tumbling and its treasury empty; today, and for 4 years now, it has outpaced the Germans, and it is accumulating dollars, gold, and foreign reserves at such a clip that the major worry is how to slow this financial prosperity. When the Common Market treaty was signed in Rome, the Italians' main preoccupation was how to siphon off the traditional oversupply of labor to other countries; today, northern Italy, despite the hundreds of poor southerners arriving daily, has a critical labor shortage, and labor scouts scour Germany and Belgium trying to lure back Italian workers. Five years ago, learned economists were discussing the chronic shortage of dollars in Europe; today, their concern is for the outflow of greenbacks from, rather than to, the United States. Even Spain, the forgotten country of Europe on the periphery of the Common Market, has suddenly become affluent, with reserves of almost $1 billion.

The six countries have been boosting their industrial production by an annual average of 8 percent a year, as against our 3 percent. And, as they knock down the tariff walls between them—they will have been reduced by 50 percent by this summer, far ahead of the original schedule—trade has skyrocketed. In just the last year, it increased by 25 percent. With European workers beginning to learn about homeownership, television, modern kitchens and all the other modern conveniences that Americans invite them to think of as necessities, there is every likelihood that this boom will continue for years. The best economists think the average rate of growth will be close to 5 percent for the next decade.

New impetus to this growth will come when Britain, followed by Norway, Denmark, and Ireland, breaks with 500 years of tradition and links itself to Europe. Undoubtedly, there will be much jockeying over the political conditions in the coming months, but the British Government knows that, unless it takes this historic step, the alternatives are too gloomy to contemplate. For as the tariff walls tumble among the six, they are simultaneously erecting a common wall against all outsiders.

The only man who can throw a roadblock in the part of the British entry is President De Gaulle. He wants France to be the leader of the new Europe. But once De Gaulle is convinced that the British are prepared to cut gradually their special economic ties to the Commonwealth, as indeed they are, De Gaulle will not slam the door. For now that France is rid of its Algerian problem, now that it is at peace for the first time in 23 years, he dreams of a resurgent Europe which will have strong attraction to the Communist countries of Eastern Europe, to the emergent nations of Africa and the states of the Middle East. To keep the British outside Europe would be to revive 19th-century rivalries and to bury the dream.

Once the British and their close friends join the Common Market this dynamic Europe will have a far larger population than either the United States or the Soviet Union. In many key industrial items, such as steel, it will have greater production than ours; in most others, it will be second only to us, but ahead of the U.S.S.R. It will have special ties to the British Commonwealth and to the new French Commonwealth that De Gaulle seems to be launching successfully in Africa. Only in nuclear weapons will it be third, and even in that domain, De Gaulle may yet have his way in developing a strong enough force to qualify Europe as a major military power.

This new giant will present problems as well as opportunities for us. Unless we can work out some sort of partnership across the Atlantic—and somehow extend it to include Japan inthe Far East—the free world community will be riven by rivalries and trade battles. New organizations are tackling these complex questions already—questions such as how to regulate monetary conditions to guard against a sudden weakening of the dollar or the pound sterling, how to coordinate aid programs so that they can be most effectively used in underdeveloped countries and how to deal with food surpluses so that prices are kept relatively stable. In the coming years, the machinery for dealing with these problems will be established, and what is now only a vision in the minds of a few may well become the reality of the next decade. For change is the law of nature. So far, we Americans, with our faith in democracy and with our belief in free enterprise, have almost alone been fortunate enough to perceive the changes and flexible enough to adapt to them.

The direction in which history is now moving can only make us more optimistic, more convinced that ever that it is Khrushchev and the Communists who must worry about being "buried" by the inexorable forces of progress and freedom.

The PRESIDING OFFICER. (Mr. METCALF in the chair). Is there further morning business? If not, morning business is closed.

AMENDMENT OF THE FOREIGN ASSISTANCE ACT OF 1961

Mr. SPARKMAN. Mr. President, I ask that the unfinished business be laid before the Senate.

The PRESIDING OFFICER. Without objection, the Chair now lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill as thus amended be treated as original text.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The committee amendments agreed to en bloc are as follows:

On page 2, line 18, after the word "and", strike out $335,000,000" and insert "$300,000-000"; on page 6, after line 9, strike out:

"SEC. 252. AUTHORIZATION.—There is hereby authorized to be appropriated from time to time to the President for the purposes of this title not to exceed a total of $3,000,000,-000 for use, in addition to other funds available for such purposes, beginning in any of the fiscal years 1963 through 1966, which is authorized to remain available until expended, of which not to exceed $600,000,000 may be appropriated for use beginning in fiscal year 1963: *Provided,* That of the funds appropriated pursuant to this section for use beginning in fiscal year 1963, not to exceed $100,000,000 may be used for assistance on terms other than loans payable as to principal and interest in United States dollars."

And, in lieu thereof, to insert:

"SEC. 252. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, not to exceed $600,000,000 for use beginning in the fiscal year 1963 and not to exceed $800,000,000 for use beginning in each of the fiscal years 1964 through 1966, which sums are authorized to remain available until expended and which, except for not to exceed $100,000,000 of the funds appropriated pursuant to this section for use beginning in the fiscal year 1963, shall be available only for loans payable as to principal and interest in United States dollars."

On page 7, after line 7, strike out:

"SEC. 253. FISCAL PROVISIONS.—All receipts in United States dollars from loans made under this title and from loans made for the benefit of countries and areas of Latin America under title I of chapter 2 of part I of this Act, notwithstanding section 203, shall be available for use for loans payable as to principal and interest in United States dollars in furtherance of the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended."

On page 8, line 5, after the word "and", strike out "$481,500,000" and insert "$400,-000,000"; in line 10, after the word "amended", strike out "as follows:"; at the beginning of line 11, strike out "(a) Amend subsection (a)"; at the beginning of line 12, strike out $300,000,000" and"; in the same line, after "1963", strike out "and "$400,000,000", respectively"; after line 13, strike out:

"(b) Amend subsection (b) by striking out 'keep' and substituting 'provide quarterly reports to' and by striking out 'currently informed of' and substituting 'on'."

On page 9, after line 14, insert a new subsection, as follows:

"(b) In section 610, which relates to transfers between accounts, designate the present language as subsection (a) and add the following new subsection:

"'(b) The authority contained in this section and in sections 451, 510, and 614 shall not be used to augment appropriations made available pursuant to sections 636(g)(1) and 637 or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses.'"

On page 10, at the beginning of line 1, strike out "(b)" and insert "(c)"; at the beginning of line 4, strike out "(c)" and insert "(d)"; after line 14, insert:

"(e) In section 620, which relates to restrictions on assistance to certain countries, add the following new subsections:

"'(e) In any case in which the President determines that a nation or a political subdivision thereof has hereafter (1) nationalized, expropriated, or otherwise seized the ownership or control of the property of United States citizens or entities referred to in section 221(b), or (2) imposed upon or enforced against such property or the owners thereof discriminatory taxes or other exactions, or restrictive maintenance or operational conditions not imposed or enforced with respect to property of a like nature owned or operated by its own nationals or the nationals of any government other than the Government of the United States, and has failed within six months following the taking of action in either of such categories to take steps determined by the President to be appropriate and adequate to remedy such situation and to discharge its obligations under international law toward such citizens and entities, including the prompt payment in convertible foreign exchange to the owner or owners of such property so nationalized, expropriated, or otherwise seized, or to arrange, with the agreement of the parties concerned, for submitting the question in dispute to arbitration or conciliation in accordance with procedures under which a final and binding decision or settlement will be reached and full payment or arrangements with the owners for such payment made within twelve months following such submission, the President shall suspend assistance under this Act to such nation until he is satisfied that appropriate steps are being taken.

"'(f) Assistance to India under this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, during the fiscal year 1963 shall not exceed the value of funds obligated or committed for such assistance during the fiscal year 1962.'"

On page 12, line 19, after the word "and", strike out "fifty" and insert "twenty-five"; on page 13, line 2, after the word "exceed", strike out "two years" and insert "one year"; after line 3, strike out:

"(d) In section 634(d), which relates to reports and information, strike out 'twelve months' in the first sentence and substitute 'fiscal year'."

And, in lieu thereof, insert:

"(d) In section 629(b), which relates to status of personnel detailed, strike out '624(e)' in the first sentence and substitute '624(d)'."

On page 14, after line 9, strike out:

"SEC. 402. Section 5(f) of the International Health Research Act of 1960 (22 U.S.C. 2103(f)) is amended by adding a new final sentence as follows: 'The President may delegate any authority vested in him by this section to such other officer or head of agency of the United States Government as he deems appropriate.'"

At the beginning of line 16, change the section number from "403" to "402"; on page 15, after line 4, insert a new section, as follows:

"SEC. 403. Section 102(a)(3) of the Mutual Educational and Cultural Exchange Act of 1961 (Public Law 87-256, approved September 21, 1961) is hereby amended by inserting the word 'abroad' after the word 'expositions'."

And, after line 8, insert a new title, as follows:

"PART V—MIGRATION AND REFUGEE ASSISTANCE PROGRAMS

"SEC. 501. This part may be cited as the 'Migration and Refugee Assistance Act of 1962'.

"SEC. 502. (a) The President is hereby authorized to continue membership for the United States in the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of refugees and migrants and to enhance the economic progress of the developing countries by providing for a coordinated supply of selected manpower, there are hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee for the effectuation of its purposes, and all necessary salaries and expenses incident to United States participation in the Committee.

"(b) There are hereby authorized to be appropriated such amounts as may be necessary from time to time—

"(1) for contributions to the activities of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate or in behalf of whom he is exercising his good offices;

"(2) for assistance to or in behalf of refugees designated by the President (by class, group, or designation of their respective countries of origin or areas of residence) when the President determines that such assistance will contribute to the defense, or to the security, or to the foreign policy interests of the United States;

"(3) for assistance to or in behalf of refugees in the United States whenever the President shall determine that such assistance would be in the interest of the United States: *Provided,* That the term 'refugees' as herein used means aliens who (A) because of persecution or fear of persecution on account of race, religion, or political opinion, fled from a country of the Western Hemisphere; (B) cannot return thereto because of fear of persecution on account of race, religion, or political opinion; and (C) are in urgent need of assistance for the essentials of life;

"(4) for assistance to State or local public agencies providing services for substantial numbers of individuals who meet the requirements of paragraph (3) (other than clause (C) thereof) for (A) health services and educational services to such individuals, and (B) special training for employment and services related thereto;

"(5) for transportation to, and resettlement in, other areas of the United States of individuals who meet the requirements of paragraph (3) (other than clause (C) thereof) and who, having regard for their income and other resources, need assistance in obtaining such services; and

"(6) for establishment and maintenance of projects for employment or refresher professional training of individuals who meet the requirements of paragraph (3) (other than clause (C) thereof) and who, having regard for their income and resources, need such employment or need assistance in obtaining such retraining.

"(c) Whenever the President determines it to be important to the national interest,

not exceeding $10,000,000 in any fiscal year of the funds made available for use under the Foreign Assistance Act of 1961, as amended, may be transferred to, and consolidated with, funds made available for this part in order to meet unexpected urgent refugee and migration needs.

"(d) The President shall keep the appropriate committees of Congress informed of the use of funds and the exercise of functions authorized in this part.

"(e) Unexpended balances of funds made available under authority of the Mutual Security Act of 1954, as amended, and of the Foreign Assistance Act of 1961, as amended, and allocated or transferred for the purposes of sections 405(a), 405(c), 405(d), and 451(c) of the Mutual Security Act of 1954, as amended, are hereby authorized to be continued available for the purposes of this section and may be consolidated with appropriations authorized by this section. Funds appropriated for the purposes of this section shall remain available until expended.

"SEC. 503. (a) In carrying out the purposes of this part, the President is authorized—

"(1) to make loans, advances, and grants to, make and perform agreements and contracts with, or enter into other transactions with, any individual, corporation, or other body of persons, Government or Government agency, whether within or without the United States, and international and intergovernmental organizations; and

"(2) to accept and use money, funds, property, and services of any kind made available by gift, devise, bequest, grant, or otherwise for such purposes.

"(b) Whenever the President determines it to be in furtherance of the purposes of this part, the functions authorized under this part may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951 (65 Stat. 7), as amended) regulating the making, performance, amendment, or modification of contracts and the expenditure of funds of the United States Government as the President may specify.

"SEC. 504. (a) The President is authorized to designate the head of any department or agency of the United States Government, or any official thereof who is required to be appointed by the President by and with the advice and consent of the Senate, to perform any functions conferred upon the President by this part. If the President shall so specify, any individual so designated under this subsection is authorized to redelegate to any of his subordinates any functions atuhorized to be performed by him under this subsection, except the function of exercising the waiver authority specified in section 503(b) of this part.

"(b) The President may allocate or transfer to any agency of the United States Government any part of any funds available for carrying out the purposes of this part. Such funds shall be available for obligation and expenditure for the purposes for which authorized in accordance with authority granted in this part or under authority governing the activities of the agencies of the United States Government to which such funds are allocated or transferred. Funds allocated or transferred pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

"SEC. 505. (a) Funds available for the purposes of this part shall be available for—

"(1) compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purpose of this part, and without regard to the provisions of any other law, for printing and binding, and for expenditures outside the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of funds of the United States Government as may be necessary to accomplish the purposes of this part;

"(2) employment or assignment of Foreign Service Reserve officers for the duration of operations under this part;

"(3) exchange of funds without regard to section 3651 of the Revised Statutes (31 U.S.C. 543), and loss by exchange;

"(4) expenses authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), not otherwise provided for;

"(5) expenses authorized by the Act of August 1, 1956 (70 Stat. 890–892), as amended; and

"(6) all other expenses determined by the President to be necessary to carry out the purposes of this part.

"(b) Except as may be expressly provided to the contrary in this part, all determinations, authorization, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law repealed by this part shall continue in full force and effect until modified, revoked, or superseded under the authority of this part.

"SEC. 506. Subsections (a), (c), and (d) of section 405 of the Mutual Security Act of 1954, as amended, subsection (c) of section 451 of the said Act, and the last sentence of section 2(a) of the Act of July 14, 1960 (74 Stat. 504), are hereby repealed.

"SEC. 507. Until the enactment of legislation appropriating funds for activities under this part, such activities may be conducted with funds made available under section 451 (a) of the Foreign Assistance Act of 1961, as amended."

So as to make the bill read:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the 'Foreign Assistance Act of 1962.'

"PART I—ACT FOR INTERNATIONAL DEVELOPMENT OF 1961

"Chapter 1—Short title and policy

"SEC. 101. Section 102 of the Foreign Assistance Act of 1961, as amended, containing a statement of policy, is amended by inserting the following sentence at the end of the sixth paragraph: 'It is further the sense of Congress that support for the peaceful uses of atomic energy should be continued, in furtherance of the purposes of this part.'

"Chapter 2—Development and assistance

"Title II—Development Grants and Technical Cooperation

"SEC. 102. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

"(a) In section 211(a), which relates to general authority, strike out 'In so doing' in the second sentence and substitute 'In furnishing assistance to countries and areas under this title'.

"(b) In section 212, which relates to authorization, strike out '1962' and '$380,000,000' and substitute '1963' and $300,000,000', respectively.

"(c) Strike out section 213, which relates to atoms for peace.

"Title III—Investment Guaranties

"SEC. 103. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

"(a) Amend section 221(b) which relates to general authority, as follows:

"(1) In paragraph (1) strike out '$1,000,000,000' in the proviso and substitute '$1,300,000,000'.

"(2) In paragraph (2) strike out '$90,000,000' in the third proviso and substitute '$180,000,000'.

"(b) Amend section 222, which relates to general provisions, as follows:

"(1) In subsection (d) insert ', and out of funds made available pursuant to this title' before the period.

"(2) Add the following new subsection (f):

"'(f) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1963 to carry out the purposes of this title not to exceed $100,000,000, which shall remain available until expended.'

"(c) Amend section 224, which relates to housing projects in Latin American countries, as follows:

"(1) In subsection (b) strike out '$10,000,000' in the second sentence and substitute '$60,000,000'.

"(2) In subsection (c) strike out 'and (e)' and substitute '(e), and (f)'.

"Title IV—Surveys of Investment Opportunities

"SEC. 104. Section 232 of the Foreign Assistance Act of 1961, as amended, which relates to surveys of investment opportunities, is amended by striking out '1962' and substituting '1963'.

"Alliance for Progress

"SEC. 105. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development assistance, is amended by adding at the end a new title VI, as follows:

"'Title VI—Alliance for Progress

"'SEC. 251. GENERAL AUTHORITY.—(a) It is the sense of the Congress that the historic, economic, political, and geographic relationships among the American peoples and Republics are unique and of special significance and that the Alliance for Progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relationships among them. Accordingly, the President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

"'(b) Assistance furnished under this title shall be directed toward the development of human as well as economic resources. In furnishing assistance to countries and areas under this title, the President shall take into account (1) the principles of the Act of Bogotá and the Charter of Punta del Este, and in particular the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives; and (4) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved. In making loans under this title from funds which are required to be used for loans payable as to principal and interest in United States dollars, the President shall take into account, in addition to the considerations named in the preceding sentence, whether financing could be obtained in whole or in part from other free world sources on reasonable terms. The provisions of sections 201(d), 202(b), 202(c), and 204 shall be applicable to such loans, and they shall be made only upon a finding of reasonable prospects of repayment.

"'(c) The authority of section 614(a) may not be used to waive the requirements of this title with respect to funds made

availiable for this title which are required to be used for loans payable as to principal and interest in United States dollars, and the authority of section 610 may be used to transfer such funds only to funds made available for title I of chapter 2 of part I.

" '(d) In order to carry out the policies of this Act and the purpose of this title, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to insuring a wider and more equitable distribution of the ownership of land.

" 'SEC. 252. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, not to exceed $600,000,000 for use beginning in the fiscal year 1963 and not to exceed $800,000,000 for use beginning in each of the fiscal years 1964 through 1966, which sums are authorized to remain available until expended and which, except for not to exceed $100,000,000 of the funds appropriated pursuant to this section for use beginning in the fiscal year 1963, shall be available only for loans payable as to principal and interest in United States dollars.'

"Chapter 3—International organizations and programs

"SEC. 106. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out '1962' and '$153,500,000' and substituting '1963' and '$148,900,000', respectively.

"Chapter 4—Supporting assistance

"SEC. 107. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out '1962' and '$465,000,000' and substituting '1963' and '$400,000,000', respectively.

"Chapter 5—Contingency fund

"SEC. 108. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended by striking out '1962' and substituting '1963'.

"PART II—INTERNATIONAL PEACE AND SECURITY ACT OF 1961

"Chapter 2—Military assistance

"SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

"(a) In section 507(a), which relates to sales, insert 'not less than' before 'the value' in the first sentence.

"(b) In section 510(a), which relates to special authority, strike out '1962' in the first and second sentences and substitute '1963'.

"(c) In section 511(b), which relates to restrictions on military aid to Latin America, strike out 'military assistance programs' and insert 'grant programs of defense articles'.

"PART III

"Chapter 1—General provisions

"SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

"(a) In section 606, which relates to patents and technical information, strike out subsection (c).

"(b) In section 610, which relates to transfers between acounts, designate the present language as subsection (a) and add the following new subsection:

" '(b) The authority contained in this section and in sections 451, 510, and 614 shall not be used to augment appropriations made available pursuant to sections 636(g)(1) and 637 or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses.'

"(c) In section 611(a), which relates to completion of plans and cost estimates, strike out 'and II' and substitute ', II, and VI'.

"(d) Strike out section 618, which relates to economic assistance to Latin America, and substitute a new section 618 as follows:

" 'SEC. 618. USE OF SETTLEMENT RECEIPTS.—United States dollars directly paid to the United States under the Agreement Between the United States of America and Japan Regarding the Settlement of Postwar Economic Assistance to Japan may be appropriated or otherwise made available to the President in any appropriation Act, within the limitations of part I of this Act, to carry out the provisions of that part.'

"(e) In section 620, which relates to restrictions on assistance to certain countries, add the following new subsections:

" '(e) In any case in which the President determines that a nation or a political subdivision thereof has hereafter (1) nationalized, expropriated, or otherwise seized the ownership or control of the property of United States citizens or entities referred to in section 221(b), or (2) imposed upon or enforced against such property or the owners thereof discriminatory taxes or other exactions, or restrictive maintenance or operational conditions not imposed or enforced with respect to property of a like nature owned or operated by its own nationals or the nationals of any government other than the Government of the United States, and has failed within six months following the taking of action in either of such categories to take steps determined by the President to be appropriate and adequate to remedy such situation and to discharge its obligations under international law toward such citizens and entities, including the prompt payment in convertible foreign exchange to the owner or owners of such property so nationalized, expropriated, or otherwise seized, or to arrange, with the agreement of the parties concerned, for submitting the question in dispute to arbitration or conciliation in accordance with procedures under which a final and binding decision or settlement will be reached and full payment or arrangements with the owners for such payment made within twelve months following such submission, the President shall suspend assistance under this Act to such nation until he is satisfied that appropriate steps are being taken.

" '(f) Assistance to India under this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, during the fiscal year 1963 shall not exceed the value of funds obligated or committed for such assistance during the fiscal year 1962.'

"Chapter 2—Administrative Provisions

"SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

"(a) In section 621, which relates to exercise of functions, delete '(a)' and strike out subsections (b), (c), (d), and (e).

"(b) Amend section 624, which relates to statutory officers, by striking out subsection (d) and redesignating subsection (e) as subsection '(d)', inserting in paragraph 2(A) of redesignated subsection (d) ', and programs being conducted by United States Government agencies under Public Law 86-735,' after 'Peace Corps', and inserting in paragraphs (5) and (7) of redesignated subsection (d) ", and Public Law 86-735' after 'part II of this Act'.

"(c) Amend section 625, which relates to employment of personnel, as follows:

"(1) In subsection (b) strike out 'seventy-six' in the first sentence and substitute 'one hundred and twenty-five'.

"(2) In subsection (d) add the following proviso before the period at the end of paragraph (2): ': *Provided further,* That, whenever the President determines it to be important for the purposes of this Act, the President may initially assign personnel under this paragraph for duty within the United States for a period not to exceed one year pending assignment out side the United States.'

"(d) In section 629(b), which relates to status of personnel detailed, strike out '624(e)' in the first sentence and substitute '624(d)'.

"(e) In section 635(h), which relates to general authorities, strike out 'and V' and substitute ', V, and VI' and strike out 'made'.

"(f) Amend section 637, which relates to administrative expenses, as follows:

"(1) In subsection (a) strike out '1962' and '$50,000,000' and substitute '1963' and '$55,000,000', respectively.

"(2) In subsection (b) strike out 'to the Secretary of State'.

"Chapter 3—Miscellaneous provisions

"SEC. 303. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended as follows:

"(a) Section 643, which relates to saving provisions, is amended by striking out subsection (d).

"(b) Section 644(m), which relates to definitions, is amended by striking out 'as grant assistance' in subparagraphs (2) and (3).

"(c) Section 645, which relates to unexpended balances, is amended by inserting 'this Act or' after 'pursuant to'.

"PART IV—AMENDMENTS TO OTHER LAWS

"SEC. 401. Part IV of the Foreign Assistance Act of 1961, as amended, is repealed, which repeal shall not be deemed to affect amendments contained in such part.

"SEC. 402. Section 2 of the Act of August 1, 1956 (70 Stat. 890), as amended, is further amended by adding the following new paragraph:

" '(b) For the purpose of promoting and maintaining friendly relations wtih foreign countries through the prompt settlement of certain claims, settle and pay any meritorious claim against the United States which is presented by a government of a foreign country for damage to or loss of real or personal property of, or personal injury to or death of, any national of such foreign country: *Provided,* That such claim is not cognizable under any other statute or international agreement of the United States and can be settled for not more than $15,000 or the foreign currency equivalent thereof.'

"SEC. 403. Section 102(a)(3) of the Mutual Educational and Cultural Exchange Act of 1961 (Public Law 87-256, approved September 21, 1961) is hereby amended by inserting the word 'abroad' after the word 'expositions'.

"PART V—MIGRATION AND REFUGEE ASSISTANCE PROGRAMS

"SEC. 501. This part may be cited as the 'Migration and Refugee Assistance Act of 1962'.

"SEC. 502. (a) The President is hereby authorized to continue membership for the United States in the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of refugees and migrants and to enhance the economic progress of the developing countries by providing for a coordinated supply of selected manpower, there are hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee for the effectuation of its purposes, and all necessary salaries and expenses incident to United States participation in the Committee.

"(b) There are hereby authorized to be appropriated such amounts as may be necessary from time to time—

"(1) for contributions to the activities of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate or in behalf of whom he is exercising his good offices;

"(2) for assistance to or in behalf of refugees designated by the President (by class, group, or designation of their respective countries of origin or areas of residence) when the President determines that such assistance will contribute to the defense, or to the security, or to the foreign policy interests of the United States;

"(3) for assistance to or in behalf of refugees in the United States whenever the President shall determine that such assistance would be in the interest of the United States: *Provided,* That the term 'refugees' as herein used means aliens who (A) because of persecution or fear of persecution on account of race, religion, or political opinion, fled from a country of the Western Hemisphere; (B) cannot return thereto because of fear of persecution on account of race, religion, or political opinion; and (C) are in urgent need of assistance for the essentials of life;

"(4) for assistance to State or local public agencies providing services for substantial numbers of individuals who meet the requirements of paragraph (3) (other than clause (C) thereof) for (A) health services and educational services to such individuals, and (B) special training for employment and services related thereto;

"(5) for transportation to, and resettlement, in other areas of the United States of individuals who meet the requirements of paragraph (3) (other than clause (C) thereof) and who, having regard for their income and other resources, need assistance in obtaining such services; and

"(6) for establishment and maintenance of projects for employment or refresher professional training of individuals who meet the requirements of paragraph (3) (other than clause (C) thereof) and who, having regard for their income and resources, need such employment or need assistance in obtaining such retraining.

"(c) Whenever the President determines it to be important to the national interest, not exceeding $10,000,000 in any fiscal year of the funds made available for use under the Foreign Assistance Act of 1961, as amended, may be transferred to, and consolidated with, funds made available for this part in order to meet unexpected urgent refugee and migration needs.

"(d) The President shall keep the appropriate committees of Congress informed of the use of funds and the exercise of functions authorized in this part.

"(e) Unexpended balances of funds made available under authority of the Mutual Security Act of 1954, as amended, and of the Foreign Assistance Act of 1961, as amended, and allocated or transferred for the purposes of sections 405(a), 405(c), 405(d), and 451(c) of the Mutual Security Act of 1954, as amended, are hereby authorized to be continued available for the purposes of this section and may be consolidated with appropriations authorized by this section. Funds appropriated for the purposes of this section shall remain available until expended.

"SEC. 503. (a) In carrying out the purposes of this part, the President is authorized—

"(1) to make loans, advances, and grants to, make and perform agreements and contracts with, or enter into other transactions with, any individual, corporation, or other body of persons, Government or Government agency, whether within or without the United States, and international and intergovernmental organizations; and

"(2) to accept and use money, funds, property, and services of any kind made available by gift, devise, bequest, grant, or otherwise for such purposes.

"(b) Whenever the President determines it to be in furtherance of the purposes of this part, the functions authorized under this part may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951 (65 Stat. 7), as amended) regulating the making, performance, amendment, or modification of contracts and the expenditure of the funds of the United States Government as the President may specify.

"SEC. 504. (a) The President is authorized to designate the head of any department or agency of the United States Government, or any official thereof who is required to be appointed by the President by and with the advice and consent of the Senate, to perform any functions conferred upon the President by this part. If the President shall so specify, any individual so designated under this subsection is authorized to redelegate to any of his subordinates any functions authorized to be performed by him under this subsection, except the function of exercising the waiver authority specified in section 503(b) of this part.

"(b) The President may allocate or transfer to any agency of the United States Government any part of any funds available for carrying out the purposes of this part. Such funds shall be available for obligation and expenditure for the purposes for which authorized in accordance with authority granted in this part or under authority governing the activities of the agencies of the United States Government to which such funds are allocated or transferred. Funds allocated or transferred pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

"SEC. 505. (a) Funds available for the purposes of this part shall be available for—

"(1) compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purpose of this part, and without regard to the provisions of any other law, for printing and binding, and for expenditures outside the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of funds of the United States Government as may be necessary to accomplish the purposes of this part;

"(2) employment or assignment of Foreign Service Reserve officers for the duration of operations under this part;

"(3) exchange of funds without regard to section 3651 of the Revised Statutes (31 U.S.C. 543), and loss by exchange;

"(4) expenses authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), not otherwise provided for;

"(5) expenses authorized by the Act of August 1, 1956 (70 Stat. 890–892), as amended; and

"(6) all other expenses determined by the President to be necessary to carry out the purposes of this part.

"(b) Except as may be expressly provided to the contrary in this part, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law repealed by this part shall continue in full force and effect until modified, revoked, or superseded under the authority of this part.

"SEC. 506. Subsections (a), (c), and (d) of section 405 of the Mutual Security Act of 1954, as amended, subsection (c) of section 451 of the said Act, and the last sentence of section 2(a) of the Act of July 14, 1960 (74 Stat. 504), are hereby repealed.

"SEC. 507. Until the enactment of legislation appropriating funds for activities under this part, such activities may be conducted with funds made available under section 451 (a) of the Foreign Assistance Act of 1961, as amended."

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill is open to amendment.

Mr. SPARKMAN. Mr. President, the foreign aid program represents one of the many instruments of national policy by which the United States seeks to mete its worldwide responsibilities. Together, the various instruments of national policy carried on at every level—political, military, economic and educational—enable our country to maintain its security and to advance its vital interests. It is in this context that the Committee on Foreign Relations has favorably reported the Foreign Assistance Act of 1962 to the Senate.

Foreign aid, although still controversial, has over the years gained broad acceptance as a continuing and important element of our foreign policy. From the outset of the European Recovery Program, foreign aid has been vigorously supported by every President, every Secretary of State, every Secretary of Defense, every Chairman of the Joint Chiefs of Staff, and every Congress. Foreign aid is also supported by the majority of our major newspapers, most of which have looked into aid programs on the ground. Most of the well-informed private citizens groups have strongly supported foreign aid, and these, too, have studied the program on a continuing basis.

Outside Washington, D.C., however, there is wide opinion that the aid program is an end in itself, independent of the objectives of our foreign policy; that, in essence, it represents the fulfillment of a moral obligation which the richest society has to the many poor societies. Other Americans regard foreign aid as a global boondoggle, a massive exercise in waste that serves the interests of neither the United States nor the recipient countries. Unfortunately, our annual discussion of foreign aid, both in Congress and the press, has contributed far less than it should to the public's understanding. It is conducted too much in terms of aid levels and too little in terms of the overall political purposes that underlie the foreign aid program.

Our basic political objectives are subject to little variations. Stated simply, the United States has focused its efforts on the goal of building a sane international order based on a community of independent societies. A number of purposes underlie this central objective, but the most urgent and compelling of these is the need to resist the pressure of Communist imperialism at whatever level it is applied—military, political, or

economic. Closely related is the need to assist the poorer societies in their historic effort to fulfill legitimate aspirations and to develop durable and productive institutions. Both of these related purposes are served by the foreign aid program.

It is worth noting that foreign aid, far from being a latter-day invention of American policymakers, is an instrument of foreign policy at least as old as the Nation-State system. However, the first program of massive foreign assistance for purposes of bolstering the econnomies of whole nations was undertaken by Great Britain in the years following the end of the Napoleonic Wars in 1815. In a program comparable for its time to the scope and design of the Marshall plan, Britain extended large loans to Prussia, whose economy had been ravaged by the French invasions. Private British financial interests assisted in the recovery of France, the defeated enemy, by providing large loans with which to meet the enormous claims that were made against France for reparations. Britain's aid program, coupled with a generous territorial and political settlement, helped to stabilize the restored Bourbon regime and hence contributed to the general stabilization of Europe. In bringing to bear all of the instruments of foreign policy—first military, then political and economic—Britain restored the European equilibrium on which her own security depended and led Europe into the long era of relative peace which lasted until 1914.

The Marshall plan was the most comprehensive economic aid program ever devised by statesmen to serve an enlightened political purpose. Much of its motivation lay in the generosity and compassion of the American people, but its grand design as an act of statesmanship was to preserve the independence of America's oldest and most important allies and thereby to strengthen her own security against the new imperialism—that of the Soviet Union.

Today's foreign aid program differs in no way in its purpose from the Marshall plan. But it is greatly changed in form and content. Europe required massive infusions of capital; with their advanced human resources and revived institutions, the European societies were able to make effective use of their resources. The problems of the less-developed societies of Asia, Africa, and Latin America have a scope and complexity that neither capital nor technical aid, by itself, can materially affect.

In recent years, we have becomc increasingly aware that certain minimum standards of public administration, public education, and a cultural environment which encourages capital formation are essential preconditions to the effective use of capital. The framers of the Alliance for Progress clearly recognized that economic development must go hand in hand with—or, more precisely, must be preceded by—political and social change. In turn, such change requires a certain degree of external pressure. To provide aid without stipulating conditions that will advance the purpose of the aid is to court failure. In this sense, we should be frank in stating that our development aid programs carry clear and precise "strings." Indeed, these are set forth in the act itself; I would commend to my colleagues sections 201 and 211, as well as the committee report of last year and this year.

I might observe, in this connection, that the progressive democratic groups in Latin America and elsewhere in the under-developed world have never objected to American intervention as such on these terms. Indeed, I believe that intervention on behalf of progress and reform is generally well received. "The moral here," as one perceptive student of Latin American affairs recently put it, "is that a great power such as the United States necessarily intervenes in the affairs of other countries, especially smaller ones, as much by what it does not do as by what it does. A policy of nonintervention, if that term is interpreted in the strictest, most literal sense, becomes plainly impossible. The question, therefore, is not one of intervention or nonintervention per se, but of the ends and means of intervention."

In any case, we are gaining a finer appreciation of the basic principles of encouraging progress and reform in changing societies. We have been made painfully aware of the preconditions to development. We know also that good development plans are of little value in the absence of a government capable of carrying them out; that the finest tax authority is useless if the government does not believe in collecting taxes; that modern machinery and other technical equipment cannot be operated by unskilled people; that even the cheapest and most effective techniques of increasing agricultural output will have little appeal when the benefits will accrue not to the cultivator of the land but to an absentee landlord.

On the other side of the coin, we also know that land reform can bring on agricultural chaos if it is not preceded by the creation of institutions capable of duplicating the services performed by the departing landlord.

We have learned that there is no general formula for economic development of all the less developed countries. To generalize from the experience of India to the problems of Peru or Tanganyika is as futile as to generalize from the experience of the United States to the needs of India. In each case, there must be a development plan appropriate to the problems and requirements of the particular country. For countries in the earliest stage—the predevelopment state—plans should be related to the creation of administrative capabilities and education. In countries which have moved well beyond the predevelopment stage—India, Pakistan, and Brazil are examples—development assistance programs can and do directly reflect their capacities to absorb large sums of capital.

In every case, the essential string that we must attach to our development aid is the requirement that it serve the broad, long run interest of the recipient country. Only the most rigorous adherence to priorities of need and productivity will make it possible for the changing societies to attain durable progress; to achieve anything less will mean that our foreign aid program is forfeiting its purpose as an instrument of American policy.

One of the most promising vehicles for economic growth is the autonomous, public authority. Such quasi-governmental organizations as the Tennessee Valley Authority and the New York Port Authority should serve as models for a number of developing countries, whose programs are bogged down in politics, or bureaucracy, or both. In Latin America, for example, there is an urgent need to give momentum to the Alliance for Progress by the examples of a few dramatic achievements in such critical areas as housing, land reform and other areas of social development. The public authority approach, with its proven success in the United States and Europe, is an ideal planning and administrative device for achievement of such objectives. Its great advantage, of course, is that it can concentrate resources on a single problem, with operational control remaining in the hands of a small number of highly trained managers and technicians. As the Committee report observes: "The World Bank is very well suited to the role of cultivating public authorities." Moreover, the Bank's official guide, World Bank Policies and Operations, states:

> In respect of a number of government projects, the Bank has asked that their operation be entrusted to a quasi-autonomous authority or in some other fashion be insulated so far as possible from political pressures and rigidities of Government administrative procedures. In a number of cases the Bank's help has been sought and given in the establishment and staffing of operating authorities of this sort.

I might add that the Bank generally insists upon the creation of an autonomous or semiautonomous authority as a precondition to loans involving utilities, ports, water power projects, and other development programs. Aid officials are alert to the potential of these public authorities, and are encouraging their formation. In a number of cases, the problem of providing the human resources to manage public authorities is the only obstacle to their creation. But this is not an insurmountable problem, and may be dealt with a number of ways. In addition to the World Bank, the Development Assistance Committee of the OECD—Organization for Economic Cooperation and Development—should be able to assist in the creation of public authorities. The private foundations in the United States may also have a role.

The committee's judgment is that the current foreign aid program reflects a realistic approach to U.S. interests abroad. The thrust of the program has been shifted to long-term development loans. These are subject to congressional appropriations. They are repayable only in dollars, but under very liberal terms and conditions. Such terms and conditions are essential. Several of the developing countries, especially in Latin America, already carry heavy annual debt service burdens. In many of them these obligations will drain a fifth or

more of anticipated foreign exchange earnings. Development loans must therefore carry only nominal service charges and should have long repayment schedules.

Development loans are expected to comprise nearly half of our total economic assistance in the next year. In prior years, loans never amounted to more than 25 percent of this assistance. Indeed, approved transactions under the Development Loan Fund have accounted for only 4 percent of all foreign assistance made available since the end of the Marshall plan program.

It should be understood that development loans are not being extended haphazardly, or to any country seeking to exploit a natural asset. Instead, development loans are normally available only to countries which have committed themselves to long-term development and other self-help measures. For this and other reasons, there is a growing concentration in the development loan program. About half of the loans obligated next year will go to four countries—India, Pakistan, Brazil, and Argentina. About 60 percent will go to six countries, the other two being Nigeria and Turkey.

In addition to the statutory criteria that shape the loan program, the Agency for International Development has imposed a number of program procedures designed to encourage reform and self-help measures. In some cases, loans have been scheduled in installments, with each installment conditioned upon a specified rate of progress by the recipient country in carrying out agreed domestic programs.

Obviously, a great many of the countries receiving foreign aid cannot yet qualify for development loans. A number of these, particularly in Africa, are in what is known as the predevelopment stage. For them, the bill authorizes $300 million in development grants, which are used mainly to finance technical assistance programs. For the most part, these programs are designed to improve the educational, technical, managerial, and professional competence of changing societies. Development grants are used to finance the public administration training programs, for example. They may also be used to assist in the creation of comprehensive long-term plans.

The emphasis on concentration in the loan program has corresponded with a similar trend in the supporting assistance program. Supporting assistance is mainly used to help certain countries bear the brunt of their abnormally heavy military establishments. Vietnam and Korea are examples of countries located on the periphery of the Communist empire and compelled to maintain larger armies than their economies can afford.

Supporting assistance is also used to provide budgetary support for very poor countries whose survival depends to a large extent on such assistance. It is estimated that more than half of hte supporting assistance extended next year will go to two countries and over 70 percent to four countries. Moreover, the program is being steadily reduced, both in terms of the number of countries participating and the levels of assistance.

The bill authorizes a contingency fund of $300 million. This is the same as last year's authorization, but represents a cut of $100 million beneath the administration's request. The other major aid activity is the military assistance program, for which the Congress last provided an authorization of $1.7 billion for each of the following 2 fiscal years. The administration's appropriation request for fiscal year 1963 is $1.5 billion, or $200 million less than the amount authorized. The committee believes that this program has been pared to a minimum level. And the committee was pleased to learn that the net effect on the American economy of the military assistance program is an inflow of gold. This year, $335 million in military aid is being spent outside the United States, but the sale of military equipment under the program will return $800 million to the United States. Also, more than $400 million of direct busines to U.S. firms will be created by a number of cost-sharing programs that are being carried on under this program.

The fact is, as the committee report observes that about 78 percent of all the funds appropriated for fiscal year 1962 will be spent directly in the United States. And the administration estimates that almost all of the economic assistance not spent directly in the United States will be spent in countries which are the beneficiaries of our aid—as distinct from European countries and Japan.

The bill authorizes appropriations of $100 million to add to the reserve against investment guarantees. Moreover, the ceiling on the total face amount of guarantees in all categories has been raised. The committee believes that the rate of progress in a number of countries will depend to a large degree on the capital inflow from the private sector of our economy. The committee further believes that its amendment dealing with expropriation of privately owned American property will encourage a greater participation of American businessmen, small and large, in oversea ventures.

This amendment occupied much of the committee's time and attention during the consideration of the bill. It reflects a unanimous committee judgment that such a provision is necessary. Nearly every member, Democratic and Republican, participated in the drafting of the final version of the amendment. After a good deal of initial discussion, the committee adopted one of a number of the proposed amendments dealing with the expropriation problem. One week later, after even lengthier discussion, a second and stronger provision, containing features of other proposals, was incorporated into the bill.

As I pointed out earlier, foreign aid is not a foreign policy instrument of recent invention. Nor is the United States the only nation now committed to large-scale programs of economic assistance. Both our free world allies and the Communist bloc are engaged in significant aid programs. I should like, at this point, to comment briefly on Soviet efforts in the field of foreign aid and then to consider the contributions in this field of the Western European countries and Japan.

The Sino-Soviet bloc aid program, begun in 1955, has grown considerably in size and scope over the past 7 years. By the end of 1961 Communist bloc aid to nonbloc countries had reached an estimated total of $6.5 billion, about $4.5 billion in economic credits and grants and about $2 billion in military aid. Economic aid commitments alone have averaged about $1 billion annually for the past 3 years. Over 70 percent of the total has been supplied by the Soviet Union, 20 percent by the European satellites, and less than 10 percent by Communist China. Some 28 countries receive Communist bloc aid, but about 80 percent goes to seven countries: Afghanistan, Cuba, Egypt, Indonesia, India, Iraq, and Syria.

Communist aid programs are by no means the models of efficiency and dispatch that some of the critics of our aid programs believe them to be. Out of the $4.5 billion in economic aid commitments to date, only about $1 billion, or less than 25 percent, has actually been expended. It is clear that the Russians have run into the same difficulties of performance that we have encountered: transportation problems, material shortages, lack of technical skills in recipient countries, shortages of local currencies, and other impediments.

The political aims of Soviet aid programs are not always successfully advanced by Soviet technicians. According to information provided by the Agency for International Development, there are probably more bloc aid technicians in the 28 countries which receive Communist assistance than there are American technicians in the over 80 countries to which we provide assistance. There have been a number of instances in which Soviet personnel get into difficulties with the local population. Soviet technicians in underdeveloped countries keep pretty much to themselves, living in self-contained enclaves and maintaining their own schools. They do like to shop in the bazaars and marketplaces where they are known as hard bargainers and frugal tippers. Unlike Soviet diplomats, Russian technicians are rarcly trained in the languages and cultures of the countries to which they are assigned.

It would be a serious mistake to infer that Communist aid programs are a general failure. In fact, Soviet aid has been welcomed by recipient countries and it has made an impact which we would ignore at our peril. At the same time the Russians have encountered difficulties and failures, similar to and in some cases perhaps greater than those which we have suffered.

Although our allies are not yet carrying a proportionately comparable share of the aid burden, significant progress has been made toward a greater and more concerted free world aid effort. In particular, the Development Assistance Committee—DAC—of the OECD has begun to assume certain responsibilities for aid coordination.

Furthermore, the aid programs of the European countries and Japan, although still less than adequate, have been improving markedly both in quantity and quality. Gross official aid disbursements of the other DAC countries and Japan—for grants, loans of greater than 5 years, and contributions to international organizations—rose 90 percent between 1956 and 1960—from $1 billion to $1.9 billion. As a percentage of gross national product, aid disbursements by the other DAC countries and Japan rose from 0.36 percent in 1956 to 0.53 percent in 1961. Comparable United States disbursements increased as a percentage of GNP from 0.51 to 0.59 percent in 1960. Thus, while the United States has consistently devoted a greater share of its total product to foreign aid than have the other industrialized countries, the gap narrowed from a difference of 0.15 percentage points in 1956 to 0.06 percentage points in 1960.

Less impressive progress has been made in the liberalization of the terms of aid, but here too our allies are making progress. They seem to be moving away from a stress on short-term loans at commercial rates of interest. Though less liberal than the United States, they are showing an increasing willingness to extend long-term loans at low rates of interest. The gap, however, remains wide. While repayment schedules for U.S. loans range between 30 and 40 years, Italy and Canada, for example, require repayment in 10 to 15 years while Germany and Japan have a current limit of 20 years.

Progress toward coordination of national aid programs has been made through the Development Assistance Committee. Admittedly, much remains to be done, but the DAC has been in existence for only a short time, and the signs, on balance, are optimistic.

The overriding need is for a general strategy to guide the donor countries of the OECD in their relations with each other and in their relations with the emergent societies of Asia, Africa, and Latin America. Trade policies, for example, which have too often pulled in the wrong direction, must be related to this strategy. So must the other instruments of national policy.

Soviet foreign aid, like our own, is one of many instruments of national policy. Yet while Soviet aid is sometimes similar to our own in content, there is a radical difference in the purposes of the two programs. Soviet aid is designed to advance a new imperialism. There is thus a basic conflict between Soviet aims and those of the recipient countries, most of which are motivated above all by the desire to build strong, independent nations. The rebuffs which the Communists have suffered in such countries as Guinea and the United Arab Republic are a reflection of the basic conflict between Communist imperialism and the nationalism of the emergent nations.

Free world assistance, on the other hand, whether it succeeds or fails in a given country, is a sound instrument of national policy, in terms of our own objectives and those of the recipient societies. The reason for this is the basic community of aims which exists between the North Atlantic democracies and the changing societies of the southern continents. We, like they, identify our future security and progress with their evolution into independent and strong nations. Having virtually liquidated their empires, the Western nations seek to bolster the new nations against Sino-Soviet imperialism. We are inviting the new nations to join of their own free will a community of free nations based on full respect for national sovereignty. In this community of political interests lies the probability that our aid programs will achieve their ultimate objectives, while those of the Communists will ultimately fail.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SPARKMAN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). Without objection, it is so ordered.

HEALTH CARE FOR THE AGED—REPLY TO AMERICAN MEDICAL ASSOCIATION

Mr. ANDERSON. Madam President, on May 21 last, the American Medical Association presented on national television its reply to President Kennedy's address in New York the previous day on the question of health care for the aged. Because the farm bill was before the Senate and the Members of this body were working mainly under controlled time, I did not seek to make an extended reply that week. And last week, after taking up the Public Works bill, the sessions of the Senate were quite brief.

The American Medical Association's reply to the President was such an assembly of distortions and outright misstatements that we who are supporting the administration's health care for the aged proposal, the King-Anderson bill, cannot permit the American Medical Association to go unanswered. We owe this to those people who might be inclined to accept a physician's statement as gospel.

The statements by the spokesman for the American Medical Association do not stand the test of being either factual or honest. It was just a little over a year ago that I stood in this Chamber and made a detailed response to the distortions and misstatements of the American Medical Association's national advertising campaign. I intend now to answer each of the points raised by Dr. Leonard W. Larson, president of the American Medical Association, and Dr. Edward R. Annis, chairman of the American Medical Association speakers bureau.

At the outset of his television appearance, Dr. Larson declared that the American system of medicine based upon the private doctor treating the private patient has added 10 years to the life span of every American.

American medicine can take great credit for its advances and the extension of life in America. But when Dr. Larson credits the entire extension of 10 years of life in the last 20 to American medicine, he fails to consider that a major portion of the increase in life can be credited to improvements in nutrition; to better, less crowded housing; to making available to a larger portion of the population an income which permits them to take advantage of the things America has to offer. The King-Anderson bill would, by paying some of the health bills, make the best of American medicine more available to older people. Many of these are tied directly to the fact that social security payments have been made to the working classes of America, and they have been able to afford better nutrition and better housing for their years of retirement. The social security system itself might have done its part in extension of life.

LIFESPAN

Surely Dr. Larson is aware that many of the "miraculous breakthroughs" he referred to as contributing to the lengthening of the lifespan are the result of research undertaken with Federal funds. Surely he must know that the National Institutes of Health are currently spending about $700 million a year to find new treatments and cures for such scourges as heart disease, cancer, and arthritis. The Federal Government been concerned about the health of its citizens ever since 1798, when it established a program of medical care for merchant seamen. Its concern for the Nation's health is a rightful one which the medical profession has long accepted.

Who developed the method of producing penicillin from bread mold? Was it the American Medical Association or any of its doctors? Or was it done in the Department of Agriculture? A whole series of things have been done outside the medical profession. Any full story of the development of drugs and new remedies has to take into consideration the contributions of all elements of our society, not only the practicing doctors. I am not going to repeat the long stories of Agriculture Department contributions to medicine; but their work in viruses, and a host of other things like antibiotics, insecticides, and meat inspection have been of tremendous benefit to American health.

Incidentally, Dr. Larson is in error as to the rate of increase in longevity in the United States. Life expectancy in the United States has increased 6.6 years over the last 20, and 10 years over the last 30.

Madam President, the lifespan around the world has generally been lengthening in recent decades. For example, life expectancy in Great Britain was almost 61 years in 1930–32. By 1959, the most recent year for which I could obtain figures, life expectancy was just under 71 years. So we have a lengthening of life expectancy of 10 years in the last 30 years in Great Britain, virtually the same as in this country. Does the

American Medical Association credit that longer life span in Great Britain to socialized medicine?

In Sweden, between 1936–40 and 1957, life expectancy rose 7 years. In Chile, in the 12-year period from 1940 to 1952, the life span lengthened nearly 13 years.

These countries have nationalized medical programs. We do not, and I believe there is no need for such a system in this country. I state these life-span figures, which were provided to me by the Library of Congress as the best available, merely to show that it is not just the "private doctor treating the private patient" that has added precious years, as the American Medical Association said. Improved sanitation, better diet, and new drugs have been major factors in adding to life span, along with physicians working under a variety of medical programs.

There is no foundation to Dr. Larson's charge that by some unknown force under the bill older people "would be deprived of this system of medicine." The contrary is more nearly correct.

FAMILIAR CHARGE

Dr. Larson's comment that patients would become mere numbers if the King-Anderson bill becomes law is an allegation that has a familiar sound. Exactly the same sort of charge was made by the Republican National Committee in 1936, in reference to the original Social Security Act. Obviously, since the King-Anderson bill provides for complete freedom of choice of physician, under the King-Anderson bill the doctor will view his aged patient exactly as he views him now—as an individual who deserves the personal attention that the fine physicians of this country will give their patients, no matter who pays the hospital bills.

Dr. Annis implied that there is something sinister about the effort being made by the administration to secure passage of the King-Anderson bill. Those of us who believe in effective national leadership know that it is the duty of the Chief Executive to secure support for his programs. President Kennedy believes most earnestly in the need for financing health care for the aged through social security. He has a responsibility to mobilize public opinion in support of that belief just as he has done in behalf of many other programs.

NUMBERS GAME

Dr. Annis stated that "the Kerr-Mills medical aid to the aged program has already been accepted by 38 States." On April 19, 1961, the American Medical Association declared in an advertisement in newspapers across the country that the Kerr-Mills program "is now being put into operation in 46 States." I wonder what became of those eight States since last year? The truth is that neither figure was correct. Information given me by the Department of Health, Education, and Welfare is that as of June 1, 1962, only 24 States, plus the Virgin Islands, Guam and Puerto Rico, have in effect the medical assistance for the aged program under the Kerr-Mills Act. Second, the States that do not have programs are primarily those with low incomes, such as Mississippi.

It may be that the AMA would prefer that the public not learn the facts about the Kerr-Mills program. The truth is that in March, only about 88,000 aged persons were being helped by the medical assistance for the aged program, with 90 percent of the Kerr-Mills Act funds going to four of the wealthiest States—New York, California, Massachusetts, and Michigan—and with more than 50 percent to New York alone.

The Kerr-Mills Act provisions have been an advantage primarily to the high-income States. For example, in New York, total monthly payments—both for cash assistance and medical vendor payments—under old-age assistance and medical assistance for the aged combined were over $5 million higher in January 1962, than they were in September 1960, the last month before the Kerr-Mills Act provisions went into effect. State and local funds spent for these programs increased by $1 million, while the Federal share had increased by $4 million. When the same two months are compared, September 1960, and January 1962, Massachusetts actually reduced its own total expenditures by over $1,336,000, while picking up an additional $1,459,000 in Federal funds. This placing of the load on the Federal Government by the high-income States is possible since medical assistance for the aged offers increased opportunities to these States to obtain Federal matching for medical care of the indigent aged. In New York, during the 16 months, October 1960 to January 1962, 37 percent of the 64,430 cases opened under the Kerr-Mills Act medical assistance for the aged program were transfers from old-age assistance. In Massachusetts, in that period, 60 percent of the 31,768 cases opened were transfers from old-age assistance. These transfers between assistance programs were made to get more Federal funds toward the cost of the case. What we have now is a case of the poor States supporting the rich States; and believe me, this will not go on forever. Under the Kerr-Mills Act programs, doctors' bills are paid with Federal and State general revenue tax dollars, and the amounts paid are generally controlled by the State. Why the physicians favor this approach, as against the self-financed contributory King-Anderson bill, which does not pay doctors' fees and does not affect them, is a mystery to me.

KERR-MILLS ACT CONFUSION

Almost since the inception of the Kerr-Mills Act, there has been confusion—some of it accidental, much of it purposeful—over the number of States that have actually implemented the legislation.

Much of the confusion stems from failure to distinguish between the two facets of the Kerr-Mills Act: First, the new Federal-State program of medical assistance for the aged—MAA—and second, increased Federal support of medical care for recipients of old-age assistance—OAA—under the basic vendor payment provisions first enacted in 1950.

The primary purpose and feature of the Kerr-Mills Act was the opportunity offered by the Federal Government for the States to secure substantial grants applicable toward meeting the medical expenses of older citizens who previously had been ineligible for such assistance—the medically indigent aged. The extent to which this purpose has been achieved is the real measure of the efficacy of the Kerr-Mills Act. As of this date, only 24 States had medical assistance for the aged programs in operation. No manipulation of numbers can alter that fact.

Here is how the "numbers game" is played by the AMA in its tiresome efforts to persuade the American people that all is well:

After Dr. Annis' statement that the Kerr-Mills law has already been accepted by 38 States, an AMA representative indicated that this total was apparently based upon a January computation which included 27 States under MAA and 11 States under old-age assistance.

The listing of 27 States that were noted as having accepted MAA includes Georgia, Iowa, and Vermont. There are no funds available for Georgia's medical assistance for the aged program and Iowa has no appropriation for its plan. Vermont hopes to have its program in operation by July 1—but its senior citizens are not being aided now.

Despite marked distinctions in type, scope, and content of programs, the AMA persists in offering undifferentiated data.

FALSE CHARGE

Dr. Annis said:

> It (Kerr-Mills) works wherever responsible public leaders want it to work. This new law could be doing its job in a lot more States by now, I assure you, if somebody hadn't changed the signals in Washington because they had something else in mind.

I brand that as completely false and brazenly misleading. The charge, in plain words, is that this administration is trying to undercut the medical assistance for the aged program. That I deny emphatically.

Since medical assistance for the aged under Kerr-Mills was enacted, both Republican and Democratic administrations have been in office. Under both administrations, the Department of Health, Education, and Welfare has taken every step possible to encourage MAA programs. Even before the President's approval of the 1960 amendments, the Department issued information to the States and the Secretary wrote all State Governors recommending that the States act to implement the new law. Three days after the President signed the bill, the Department sent all State agencies administering approved public assistance plans a letter telling how to formulate MAA plans, and information on the policy and administrative questions involved. Since then the Department has done whatever it possibly can to help the States set up programs. That is the truth. If Dr. Annis has facts to disprove my assertion, let him produce them or withdraw his charge.

Just what is the message that the Federal Government could take to all the

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

FACTS ABOUT THE KING-ANDERSON BILL

The aged care bill is necessary because:

The number of Americans 65 and over is rising rapidly. In 1900, 1 out of 20 was in that age bracket. Today, 1 out of 11 is. Between 1950 and 1960, the general population increased 19 percent; the aged increased nearly 35 percent. Today, 17 million of our fellow citizens are 65 or older; by the turn of the century, their number is expected to double. They have the highest incidence of chronic and prolonged illness; they spend twice as long in the hospital generally as do younger people; their medical bills run twice as high at the same time their income is only half as much as that of younger persons. Health expenditures for all ages climbed 42 percent from 1952 to 1957; for the aged they went up 74 percent. But statistics do not measure the anguish and deprivation of large numbers of the aged and their families caused by heavy medical bills which take such a large part of already limited incomes.

The social security tax would be increased by one-fourth of 1 percent each for employees and employers. In addition, the base on which the general social security tax is levied would be raised to $5,200 from $4,800. The taxes would go into a trust account especially for the program.

This is not a Government handout. It would be social insurance in keeping with the spirit of the quarter-century-old social security system. Benefits would come as a result of statute rather than contract as in commercial insurance.

Since wages only up to $5,200 a year would be subject to the proposed tax, a worker would pay a maximum of $17.16 a year toward the health insurance account, and a worker making $4,800 would pay $15.84.

The latest actuarial estimates are that in the first year of operation costs would total $1¼ billion for administration and benefits. This would not upset the soundness of the social security system or the national budget. The present social security trust fund is in excellent financial condition and the proposed tax increase for health care for the aged would keep it that way.

These benefits would be provided under the King-Anderson bill:

(a) 90 days of semiprivate hospital care within a "benefit period," with a deductible of $10 per day for the first 9 days (minimum deductible $20).

(b) 180 days of skilled-nursing-home services within a "benefit period," when such services are furnished following transfer from a hospital and are necessary for continued treatment of a condition for which the individual was hospitalized.

(c) 240 home-health-service visits a calendar year.

(d) Outpatient-hospital-diagnostic services in excess of a $20 deductible, for each diagnostic study.

All persons aged 65 and over who are entitled to either old-age, survivors and disability insurance (social security) or railroad retirement would be covered.

It is regrettable that the scare words "socialized" and "compulsory" have been used as a substitute for facts. Specific provisions in my bill prohibit Government control of medicine. The right of a patient to choose his own physician, hospital, and other medical facilities is safeguarded in the bill.

A number of States have put into effect programs to help their indigent aged meet certain medical costs. But in most cases, the benefits are extremely limited and the eligibility requirements are so rigid that the State programs fall far short of doing the job. Additionally, the States are already hard pressed to provide for other needs such as education. They would have to raise general revenue taxes to pay the rising cost of health care for their older citizens. New Mexico has not started a Kerr-Mills program, although I suggested they do so. The Kerr-Mills program can be effective only if the social security plan for the aged is enacted.

Mr. MANSFIELD. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SPARKMAN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT OF THE FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

PRIORITIES IN FOREIGN AID

Mr. KEATING. Madam President, I submit an amendment to the Foreign Assistance Act of 1962, S. 2996, and ask that it be printed.

The PRESIDING OFFICER. Without objection, the amendment will be received and printed, and will lie on the table.

Mr. KEATING. The amendment reads as follows:

It is the sense of Congress that clear priorities should be established among the countries receiving assistance under this Act and that any requests for appropriations to carry our programs of assistance under this Act should be accompanied by information with respect to the priorities assigned for the fiscal year for which appropriations are requested.

It is further the sense of Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which concentrate their own resources on economic development rather than on Communist supported military or propaganda efforts directed against the United States or against other countries receiving assistance under this Act.

The pending bill, which provides for a total authorization of nearly $4 billion for American assistance overseas for fiscal year 1963 continues the unfortunate tendency to put virtually unchecked power in the hands of the administrators of the foreign aid program. I realize that some leeway is necessary to meet an ever-changing international situation, but this leeway should not be the camouflage for a complete disregard of congressional policies as outlined in this and other foreign aid bills.

As this amendment indicates, there is a very definite need for guidelines, for an order of priority in our foreign-aid program. It is highly indicative to me that whenever a Member of Congress or anyone else, for that matter, suggests that a certain country should not be receiving large amounts of American aid, the reply from the backers and administrators of the program is, "Well, we can't just cut off aid to so and so." The basic question as to why we ever gave any sizable amount of aid to the country to start with or, if there was a good reason to start with, why we continue the aid, does not seem to get asked.

Madam President, those of us who, over the years, have supported the general principle of foreign aid must realize that the United States is not rich enough to help all free nations and to guarantee them all a chance for economic prosperity. Under these circumstances, we badly need a clear order of priorities which would indicate beyond doubt where we are putting our real emphasis and attention. We cannot afford to dissipate our efforts to countries which are making no serious efforts themselves or which appear to be so closely wedded to the Soviet line that they cannot really be considered our friends.

Madam President, the reports which are called for in the first part of this amendment would require that some genuine and undoubtedly difficult decisions be made as to where our help should be concentrated. Such an indication would be useful, not only to the Congress in evaluating the program, but also I strongly believe to the administrators of our foreign aid program in weighing the innumerable requests which are laid before them.

Further, Madam President, the amendment would provide for great consideration to be given to those nations which share the view of the United States on the world crisis. This point is self-explanatory and originally derived from the statment of the President when he signed the 1961 foreign aid bill. Very similar language was adopted by the Congress as an amendment to the appropriation bill last year.

There is a very real question today as to the value of additional assistance for Yugoslavia, Poland, and a number of other African, Asian, and Middle Eastern countries, which have frequently parroted Khrushchev's line.

My amendment would also provide a clear statement within the legislation that foreign aid programs should be curtailed or eliminated in those countries which rely on U.S. economic assistance to help support military and propaganda efforts directed against the United States or against other friendly nations receiving U.S. assistance.

What this language means should be very clear.

Let me give a few examples.

If American aid to Egypt will give Nasser the economic margin he needs to buy military equipment from the Soviet bloc or to step up anti-Western hate propaganda in the Middle East and Africa, then that American aid should not be extended. Certainly it should not be increased, as present plans seem to indicate.

If American aid to India is going to give Indian Defense Minister V. K. Krishna Menon the funds he needs to buy Soviet Migs to threaten Pakistan, then clearly American aid to India should be cut down at least by the amount of Indian purchases of Soviet weapons.

If American aid to Indonesia is going to be used directly or indirectly to help President Sukarno pay his bill to the Soviet Union for the equipment he plans to use against the Dutch in West New Guinea, then American assistance to Indonesia should be similarly reduced.

Madam President, clearly we cannot dictate to foreign nations how they will draw up their budgets, but we certainly can and should make very sure that American assistance does not make it easier for any country to undertake aggression, hate-mongering propaganda, or other activities which are deliberately designed to promote private feuds or to undermine the interest of the United States in the area. Where nations are arming against communism or Communist subversion, as in Southeast Asia, or even in some parts of Latin America, American assistance can and should play an important role, but where nationalistic extremists are putting aggressive ambitions ahead of economic development and social reforms, we should draw the line in our foreign aid program.

Madam President, as I have indicated, the Foreign Aid Bill provides huge sums of money with relatively few guidelines as to the way in which the funds should be dispensed under this kind of situation. In my judgment it would be very much in the national interest to tighten up the language in this bill and provide more definite guideposts for the flow of American foreign assistance. My amendment would indicate the sense of Congress on these issues. It would not tie the hands of those administering the program, but it might serve as a useful and unfortunately also as a very much overdue warning to some of those nations who have come to take American aid very much for granted.

It is my hope that the committee will study the wording of the amendment. Perhaps it can be improved upon. However, an amendment along this line, carrying this general principle, seems to me very much in order and very much needed if we are to enact a billion-dollar bill which will have to be responsibly administered.

GEORGIANS DIE IN PARIS AIRPLANE TRAGEDY

Mr. RUSSELL. Madam President, on Sunday in a tragedy that defies description more than one hundred of my fellow Georgians, many of whom were my close personal friends of many years, were taken from this world for reasons which are known only to God.

No single plane tragedy in history was worse. But what is so distressing to those of us from Georgia is that among those killed were some of the finest leaders and most substantial citizens our State ever produced. Entire families were wiped out. Children were left orphaned, never again to see their parents; and Atlanta, our capital city, has in a way been orphaned. It has lost a rich core of its civil, cultural, social, and political leadership, deprived of some of its proudest people, an irreplaceable loss.

Our State is no stranger to disaster. Our city of Atlanta is no stranger to tragedy and grief. Atlanta was the objective of a many-day seige during the War between the States, which took a great toll of its people. The city was burned and reduced to rubble.

The forebears of many of those who have now beeen taken from us rebuilt Atlanta and Georgia from this destruction. Their descendants had carried on this work, bringing new glory to our State, and their efforts have brought Atlanta national fame and made it indeed the capital city of the South.

How sad it is that again such a tragedy should strike and take from us the flower of our community leadership. Gone are 121 of my State's most distinguished people, the most valued possession of any State or city. We cannot fill their places. Atlanta and Georgia have been dealt a stunning blow.

Sunday was a sad day for my State and a sad day for me.

Mr. JAVITS. Madam President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield to the Senator from New York.

Mr. JAVITS. I feel certain the country will mourn with the Senator from Georgia at such a disaster. Of course, other airplane disasters have occurred, but rarely has one hit so hard at one particular place. I think everyone, as he read the press, must have felt his heart bleed, much as we know we could not do anything about it.

I wish to express my sympathy and the sympathy of the people of the State represented by Senator Keating and myself, as I believe they would wish us to do.

Mr. RUSSELL. I thank the Senator from New York.

Mr. KEATING. Madam President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield to the Senator from New York.

Mr. KEATING. I wish to join in the expression of deepest regret and profound sympathy to the families of all those in the capital city of the State of the distinguished Senator from Georgia who have been so shocked and shattered by this tragic event. I know every Member of this body feels a deep sense of sympathy, and I believe it should be extended to the Senator from Georgia, who lost so many personal friends in the tragic incident.

Mr. RUSSELL. I thank both the Senators from New York, and I thank all others who have expressed their sympathy and have noted that in this unusual tragedy this gigantic plane, the largest type of passenger plane which flies the skies, should have had as its cargo people from only one community.

Other great disasters have occurred in the air, but the sorrow has been diffused through many communities. In this instance, the tragedy fell upon one community.

Mr. SPARKMAN. Madam President, will the Senator from Georgia yield?

Mr. RUSSELL. I yield to the Senator from Alabama.

Mr. SPARKMAN. As a representative of a neighboring State, a State which is really a daughter of Georgia, because Alabama was once a part of Georgia, I join in extending our sympathies to the people of Atlanta and of Georgia and to the distinguished Senator from Georgia himself. All of us are deeply shocked and grieved by this catastrophe. I remember when the news of it came through. I had just returned from church, and my wife told me she had heard the news of the tragedy over the television. It was an awful shock. I know that the whole country joins in extending its sympathy and its sense of personal grief to the people of Georgia and of Atlanta upon their loss.

POSTAL RATE LEGISLATION—NEWSPAPERS AND MAGAZINES

Mr. JAVITS. Madam President, last Thursday Dr. Frank Stanton, president of the Columbia Broadcasting System, delivered a most thoughtful and informative speech regarding proposed postal rates legislation affecting newspapers and magazines. Since this matter will soon be taken up by the Senate, I believe it to be useful for Senators to have the benefit of the views of this distinguished communications executive, my fellow New Yorker. I therefore ask unanimous consent that his address be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

REMARKS OF FRANK STANTON, PRESIDENT, COLUMBIA BROADCASTING SYSTEM, INC., OVERSEAS PRESS CLUB, NEW YORK, MAY 28, 1962, SIGMA DELTA CHI

When you saw fit, 2 years ago, to elect me a fellow in this organization, one of the things to which I looked forward most was the prospect of meeting from time to time with journalists from all the media. Now that I have that privilege, I would like to talk with you about the serious implications in the proposed postal rates legislation affecting newspapers and magazines, legislation that has passed the House and on which public hearings are being held this week by the Senate.

To contribute effectively, strongly, creatively to the intricate processes of self-government, the free press needs to take a variety of forms—books, magazines, newspapers, films, radio, television. It is a great help to have an organization like this that is concerned with all journalism—one that sees the free press, inclusively, embracing every way in which it is possible for free men to have their say and to disseminate that say to their fellow citizens—because it provides an informal forum where we can discuss one another's problems.

It will come as no surprise to you that in my particular area of the free press we are well attuned to problems. It is a very lean month, indeed, when somebody does not call broadcasters to account; and we are—as a price, I suppose, of relative youth—going through battles which some of you in the older media fought many years ago. But freedom of the press, like all fundamental freedoms, is indivisible; if you attack the freedom of one medium, you attack that of all others; and if you diminish that of any one medium, you diminish it of all others.

Then, too, the battles are never really won. Easy solutions of every problem facing modern man are far too tempting for some people not to volunteer to sacrifice a basic freedom—or at least clip its wings—in order to make some short-term gain. It makes the situation all the more difficult that such efforts are seldom malicious or cynical, and almost always well-meaning and nobly motivated.

In the fact of baffling problems that we face overseas, for example, good and conscionable men have suggested that we must police what we report of ourselves and what we reveal of ourselves for the consumption of other peoples. I have found it hard to take this view—however, much I must respect the motives of those expressing it. It seems to me fallacious in the extreme to expect that we can have one standard of disclosure for ourselves and another for the presence that we visit upon others. We are what we are—strengths and weaknesses, nobilities and fallacies, advances and retrogressions, awarenesses and lapses—and we can fool no one. What we can do is to show men everywhere that we have the courage, the honesty and the self-confidence not to impose rules restricting the reporting and discussing of any aspects of our national life and character. And this is not merely sentimental devotion to the idea of freedom. Our hopes for progress have always rested in the freedom to criticize, to view with alarm, to go after the shortcoming that falls short of the democratic ideal, with somewhat more persistence than we comfort ourselves with our achievements.

One of the most effective guarantees against any tendency on the part of the free press in this country toward complacency or doing a halfway job is its very multiplicity. A pluralistic society has much to be said for it, but few things are more important than the varied sources of its information and its opinions about itself, of its culture, too, and of its diversions and entertainment. In no area is there more truth to the theory of safety in numbers. The only error intolerable to a free and progressive people is the error of the certainty that there is no error. I know of no better way to guard against that than to ensure the opportunity for a diversity of views, of ways of seeing things as they are and of proclaiming things as they ought to be—and, equally as important, ensuring that all these views have a fair chance of dissemination.

The conditions of life under which this Nation has achieved greatness have altered so vastly that there are few of our original advantages as a nation left to support us as we move towards the last third of this harried century. The constantly expanding geographic frontiers are gone. Youthfulness is no longer a claim to distinction, and there are scores of nations that are our juniors. The economic premises of our national life are different.

The only thing on our side that remains the same is that we are still a varied people—a pluralistic society. As I have already noted, that has brought with it—necessarily, and not by way of luxury—a pluralistic press. Books, pamphlets, magazines, newspapers—dailies, weeklies, monthlies, quarterlies, annuals—spring from thousands of sources all over the land. A variety of religions, of ethnic backgrounds, of educational philosophies, of civic aspirations, of societal concerns, of philanthropic interests, of amusements—all these are constantly tossing into the caldron of democratic living agreements and dissents, cautions and proddings, hopes and alarms, surprising sublimities and startling eccentricities that give our society not only its direction and character, but also its zest and savor.

As an advocate for diversity and freedom, I have appeared with many of my colleagues in broadcasting before the Federal Communications Commission to help map out some of the avenues through which television might be strengthened as a force in American life. This was not for the dissemination of news alone, but also for contributing to the total cultural experience of our people, including their entertainment. There was in our minds at that time, very little doubt that enlarging the arena of competition for the attention of the public was by far the most promising way to increase the contribution of television. We favored more channels, not fewer, more diversity, not less. For we felt then, as we feel now, that we cannot win the battle to advance freedom with one hand while maintaining the status quo with the other. We must go forward and grow stronger, and more numerous. In television, this is easier to say than it is to do, because our existence is circumscribed by the limitation of the physical spectrum. But the all-channel receiver and the use of the UHF in addition to the VHF will ease the straitjacket and provide for the effective use of more channels.

One of the advantages of the print media is that there is no such technical limitation on the number of sources of printed material. And there is to us in broadcasting a bitter irony in the prospect that the providentially infinite variety of printed news and comment and diversion in this country is now in danger of compromise by a single legislative stroke. For if all the economies aspired to in H.R. 7927 are ever effected—and, incidentally, those affecting the distribution of publications and their promotion amount to a fraction of 1 percent of the Federal budget—the pending postal rate legislation cannot help but seriously cut back the pluralistic character of the free press in America.

Those of us in communications who think we have no direct stake in this ought not to make the grievous mistake that it is someone else's battle. It is the battle of all of us. If a single publication in this country goes under, solely because under revised postal rates it cannot afford either distribution or the solicitation of subscriptions, we have lost far more than we can possibly gain.

From the earliest days of the Republic, the Post Office has been a public service—not a business to be run at a profit or even to make its own way, but carried on at public expense—because it was long ago conceded that a necessary ingredient of democratic living is the dissemination of an unlimited number of organs of information, opinion, and diversion. The language of the Postal Policy Act of 1958 clearly reaffirms that policy. It reads: "In the determination and adjustment of the postal-rate structure, due consideration should be given to the preservation of the inherent advantages of the postal service in the promotion of social, cultural, intellectual, and commercial intercourse among the people of the United States."

It has been held to be a legitimate and worthwhile function of a democratic Government to make such dissemination possible—and the policy has worked. It ought to continue to work. Never was there greater need for diversity in our national life than there is now. The singleness of purpose in America today is, I think, as great as it has ever been in our history. But singleness of purpose can be translated into advantageous action only if there is a diversity of approach, a continuing colloquy, a constant flow of ideas and dissents from literally hundreds of quarters—including those that can enlist the attention and following of only a handful of people.

There is at this time a wise hesitancy about adopting any new postal rate structure that would impede or narrow this flow of the printed word. What is sought is not an innovation, not some novel strain on a government department, but a reaffirmation of a public policy that has strengthened and enriched the only true source of effective self-government—an informed and interested people. I hope very much that all of us here will see it as a larger business than that of the front offices of major publications. I hope that we will do what we can to make its implications clear to a broad cross section of American society. To this end I pledge the assistance of the CBS radio and television stations—both in airing the issues and in taking an editorial stand against the proposed legislation.

Mr. SPARKMAN. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SPARKMAN. Madam President, I ask unanimous consent to dispense with further proceedings under the quorum call.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT OF THE FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. PROXMIRE. Madam President, I call up my amendment, which is numbered "5-29-62-B," a very brief amendment. I ask that it be read.

The PRESIDING OFFICER. The amendment offered by the Senator from Wisconsin will be read.

The LEGISLATIVE CLERK. It is proposed, on page 11, after line 24, to insert the following:

(g) Assistance to Yugoslavia under this Act shall be suspended for one year beginning July 1, 1962, or the date of enactment of this subsection, whichever is later. During this period the authority contained in section 614 and the second sentence of section 617 shall not be available for the benefit of Yugoslavia.

Mr. PROXMIRE. Madam President, I ask unanimous consent that I may yield to the Senator from New Hampshire [Mr. COTTON].

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COTTON. Madam President, I desire to commend the distinguished Senator from Wisconsin for offering this amendment. Members of the Senate will recall that for many years past my late senior colleague, the much beloved Senator Styles Bridges, offered and sponsored and fought for a similar amendment striking out aid to Yugoslavia, and for the past few years it was my privilege to join him and to cosponsor that amendment.

If the distinguished Senator from Wisconsin would be willing, I would like to ask unanimous consent to join him as a cosponsor of the amendment.

Mr. PROXMIRE. I would be happy and honored to have the distinguished Senator from New Hampshire join me in the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Madam President, I know this amendment has been offered before by the distinguished senior Senator from New Hampshire [Mr. BRIDGES]. I recall it was offered by me in 1958, together with a provision that no aid would be given to Batista in Cuba, King Saud in Saudi Arabia, and Trujillo in the Dominican Republic. Subsequently, the Senator from Delaware [Mr. WILLIAMS] submitted an amendment which would have prohibited aid to Yugoslavia.

In the past such a move received substantial support. Although it did not receive enough votes to carry, it did receive substantial support.

I feel very strongly this afternoon that the past few months have underlined the wisdom of this kind of amendment. Indeed, I would argue that, with the situation as it now is, it is extremely difficult to justify continuing aid to Yugoslavia on any kind of basis.

One of the great changes in our foreign aid program, which I enthusiastically applaud, was the Alliance for Progress concept. Within the aid which we would give, we would do what we could to insist that our assistance to countries not go simply to the ruling people, or the few people who have great economic power, but that it go to all the people in a country, and, indeed, enable the country to provide the kind of broad democratic support which is essential if communism is to be successfully resisted and if freedom is to be widely shared and expansive. Many of us felt that without this kind of provision the substantial amount of aid requested for South America could not be supported; but with that kind of provision it makes sense. Certainly, the provision for tax reform, land reform, the assurance that the people of the country will have a real voice in their government, is very wise and a splendid innovation of this administration.

Why do we support it? We support it because many of us feel that the fundamental purpose of a foreign-aid program should be to extend and defend freedom throughout the world. Some of us have had to compromise this consideration when we have been asked to provide funds for countries which are dictatorships. Spain is one such country. In the past the Dominican Republic was such a country. Saudi Arabia was such a country.

In every case the justification given for this kind of assistance was that, while these countries were dictatorships, they were very strongly anticommunistic; they provided in most cases military bases, and in some cases the military bases were essential for the defense of areas of the free world.

While some of us felt that this kind of expediency was not acceptable, a substantial majority of Senators went along with the compromise. However, how can that argument possibly be made in support of a government, a nation—Yugoslavia—which not only is a dictatorship, but a communistic dictatorship?

In the past a very delicate and subtle argument was made that we should give aid to Yugoslavia because, while Yugoslavia is a dictatorship, while it is a country in which the Government suppresses human liberty and prevents any kind of opposition party from developing, while it is a country that is communistic, Marxist, and Leninist, and its leaders are very proud of the fact, nevertheless, it is a Government which shows independence to the Soviet Union, and sometimes that independence, it has been argued, has received sharp and serious disproval.

That argument may have been a persuasive argument in the past. However, today, in June 1962, that argument is no longer persuasive. Certainly we cannot argue that in Yugoslavia there are new elements of freedom, or freedom of expression. Within the last few weeks Milovan Djilas, a man who was former vice president of Yugoslavia, and was a very close confidant of Tito, Djilas an obvious Communist, a Marxist, a Leninist, has been jailed because he has written a book which has criticized Stalin and has embarrassed Tito and has embarrassed Khrushchev in the process.

Any notion that it was possible for free expression or for protest, for any kind of opposition to the regime as it developed in Yugoslavia, certainly should have been answered by the action a short time ago of jailing Milovan Djilas, a man who obviously had no real power in Yugoslavia, who was not engaged in any kind of overt physical threat to the Soviet, who had not threatened anyone, who had no power himself, but who merely spoke out through the written word and indicated some very serious, fundamental criticisms of the nature of communism.

Madam President, it was no accident that Djilas was jailed, because his was not the usual kind of criticism of Stalin or of Tito, or indeed of communism. His was an extraordinarily persuasive and perceptive analysis of what is wrong with communism and what is wrong with Tito's brand of communism. The fundamental thesis of Djilas was that Stalin as a dictator could not have been divorced from communism itself. Any notion that Stalin was some kind of an accident—any notion that, after all, the Marxist-Leninist line was a fine kind of ideology which would elevate the masses and permit them to inherit their rights in the world, and that this had been interrupted by the Stalin period of domination—as Djilas showed so well in his books, is nonsense.

The fact is that a nation does not have a dictatorship without a dictator A nation does not have the kind of "the means justify the end," which is the heart of communism as it has been conducted over the past 40 years, without the sort of brutality, of inhumanity, and of oppression which was dominant in Stalinist Russia, and which will be characterized in communism of the future as it has been in communism of the past, and which certainly is apparent in Yugoslavia today.

The jailing of Djilas was the real answer to those who would contend that what Djilas wrote is not true.

Madam President, as for the argument that Tito is independent of Khrushchev and represents a force which gives Russia a great deal of difficulty, the fact is that in the recent meeting of neutralist countries at Belgrade, Yugoslavia, Tito was the leading figure in denouncing and in criticizing the NATO countries, the countries of the West and the United States, as he has consistently done for years, virtually ignoring the obvious crimes against peace of the Soviet Union. For example, Tito said that he could understand why Russia resumed nuclear testing, in the light of France conducting nuclear testing. That is an extremely weak alibi, since France never went along with the moratorium on testing. Of all the weak alibis, this probably was the weakest. Everyone knows that France represents no real challenge to Russia, and will not for many, many years—perhaps never. Certainly it will not be a real challenge in the foreseeable future. There is no comparison between the primitive and limited nuclear capacity of the French and the enormous demonstrated nuclear capacity of the Russians.

The fact is that there was a time, in 1950, when one could have made the argument that Tito was splitting off from the Russians, when the top Yugoslav officials favored the unification of Germany. Today Tito takes exactly the opposite position. He takes the Russian position, the Kremlin position, down the line. He favors recognition of East Germany by the great powers. He favors a divided Germany. He says there cannot be peace in Europe unless Germany is divided and East Germany is made permanent.

There is a long history, Madam President, and I shall spend only a very few minutes this afternoon, as I conclude, in spelling out some of the reasons why I think any fair-minded, objective appraisal of the position of Tito should persuade the Members of Congress that we should not provide aid to this Communist dictatorship.

In 1955, Tito claimed that despite all that had passed vis-a-vis Stalin, he, Tito, had never betrayed the Communist cause. In fact, Tito has always pictured himself as a Communist, and as a true Communist.

In 1956, Tito triumphantly toured the Soviet Union.

On June 11, 1956, at Stalingrad, Tito said:

> Yugoslavia, in time of war as well as in time of peace, marches shoulder to shoulder with the Soviet people toward the same goal—victory of socialism.

Tito's speech on November 11, 1956, opposed Soviet interference so long as a Communist regime was master of the local situation. He opposed interference under those circumstances, but he favored Soviet military involvement when the local party's power was threatened.

This is not a man with whom we should do business, let alone a man to whom we should give assistance and aid. It is true that he opposes the Soviet Union going into a country to invade it so long as that country has a Communist government, but he made it very clear on November 11, 1956, that he favored Soviet military interference if the power of communism within a country was being effectively challenged.

In 1957 Tito instructed Kardelj and Rankovic to affix signatures to the manifesto of the 64 Communist parties of the entire world which, in the words of the New York Times, "endorsed every major foreign policy proposal of the Soviet Union."

In 1958 Khrushchev conceded that Yugoslavia's Communists displayed "great merit in"—as Khrushchev said—"the struggle against our common class enemies."

Madam President, Khrushchev has had a far more masterful and a far more effective approach to Tito and to Yugoslavia than Stalin ever had. There is no question of that. There was a problem of personality between two fantastically egocentric persons like Tito and Stalin. The situation is quite different now with Khrushchev, who is a far more masterful and far more effective politician than Stalin.

I should like to read very briefly from an article in Orbis, the title of which is "The Emerging Pattern of Yugoslav-Soviet Relations," from the winter 1962 issue, by Milorad M. Drachkovitch.

On page 444 Mr. Drachkovitch writes as follows:

The second Soviet-Yugoslav dispute flared on the occasion of the Seventh Congress of the League of the Communists of Yugoslavia (LCY), held in April 1958. Its main detonator was the program adopted by the congress.

The new dispute, however, evolved quite differently from the quarrel of 1948. While the Chinese and Albanian attacks on LCY's out-and-out revisionist program sounded like Stalin at his vitriolic best, the Soviet attitude was markedly reserved. In three of his important speeches of 1958—at the Seventh Congress of the Bulgarian Communist Party on June 3, at the Fifth Congress of the Socialist Unity Party of Germany on July 11, and while sharing the rostrum in Lenin's Central Stadium in Moscow with Vladimir Gomulka on November 10—Khrushchev outlined several guidelines in his own approach to Tito's Yugoslavia. Contrary to Stalin's all-out attack and severance of all ties with Belgrade, Khrushchev advocated the development of normal, even intensive, relations with Yugoslavia on the level of intergovernmental dealings. He expressed also a belief that "as Communists we would like to reach mutual understanding and cooperation on the party level." He conceded, significantly, that the Yugoslav Communists displayed "great merits in the struggle against our common class enemies," and he hoped that "despite the present circumstances we shall continue to wage a joint struggle against these enemies in the future as well, and shall defend peace and socialism together." At the same time, however, he declared that the "clearly schismatic and revisionist line" of Yugoslav Communists will call for a continuous "irreconcilable ideological struggle," but tempered this battle-call with the advice that "we should not devote greater attention to the Yugoslav revisionists than they actually deserve."

These ambiguities underscored once again Khrushchev's resilient policy toward his obstreperous Yugoslav comrades. He wanted to be able, simultaneously or alternately, to collaborate with them, to criticize them, to compliment them, and to ignore them, retaining always the initiative in using any one of these stick-and-carrot tactics. This manifold and flexible treatment of Titoism, characteristics in general of Khrushchev's political gamesmanship, implied a maximum and minimum target. At best Tito or his successors should be lured, again and again, to reenter the bloc and renounce their claim to ideological and operational independence. In this connection leaders and members of the League of the Communists of Yugoslavia should be constantly reminded (as purposely stressed in the draft program of the CPSU submitted to its 22d congress) that it is theoretically untenable, economically harmful, and politically dangerous to attempt to build socialism and isolation from the world socialist system. At the same time these pressures and attacks should be treated as family quarrels, to be terminated if any when the prodigal sons returned to the fold. But should these tactics fail, one should keep Tito isolated while ignoring the achievements of his regime. Such quarantine tactics should, furthermore, turn Titoism from a liability into an asset. By locking the impact of Titoism on Communist Eastern Europe, its irrepressible dynamism would inevitably be turned on the non-Communist world of underdeveloped nations, thus indirectly advancing Moscow's aim of rolling back the West's political and economic stakes and strategic deployment.

Most important perhaps in this Machiavellian program, laid down in 1958 but projected well into the future, was the change in the role of the chief actor, Khrushchev himself. He was in 1958, and has been increasingly since, quite a different man from the rather ridiculous solicitor of Tito who, in May of 1955, made that absurd and abject speech at the Belgrade airport. The new Khrushchev was a post-Hungary, post-anti-party purge, postsputnik man, brimming with self-confidence and convinced that he had found not only the way to deal with Tito, but with the whole range of problems confronting the expansion of communism.

That was the situation in 1958. Since 1958 it has been clear in the conduct of Tito, in his attitude, and in his statements, made over and over, that Khrushchev has succeeded. That success has been achieved in spite of the very large amount of aid we have given to Yugoslavia—more aid, indeed, than we have given to any other so-called neutralist country. We have given Yugoslavia more than $2 billion in the last 12 years.

In his Labin speech on June 15, 1958, Tito, in about the most critical statement he has ever made with respect to Khrushchev, said:

It appears to us that history bestowed on us this hard road to preserve the development of socialism from degeneration.

There is no question that there are ideological differences—or personality differences, to be precise—between Tito and any master of Russia, because Tito is too great an egotist to want to submit completely to them. But about 90 or 95 percent of the time his position, on issue after issue, has been to support the Communist government in Russia, to support Khrushchev's position. Indeed, as I have indicated, in view of Khrushchev's flexibility and the wise way he has handled Tito, we can deal more effectively with Tito in the future if we indicate to him that the U.S. Congress has decided that for at least 1 year, as my amendment provides, we would cut off aid to the Communist dictator because Members of the Congress feel that we have gone far enough.

The fact is that since the second half of 1959 Yugoslavia has strengthened its political, economic, and cultural ties with other Communist countries. There has been an intensive exchange of delegations of practically every kind. There has been a very substantial increase in trade with the countries of the Warsaw bloc. All along the line there have been closer and closer connections. I expect to speak on those tomorrow. I hope I can make my remarks as brief as possible, but I hope Senators will give the subject their most thoughtful attention and recognize that since we had a vote on this question a year or so ago there have been very serious exchanges. There has been the address by Tito on September 3, 1961, at Belgrade, which was a clear indication of how Tito has lined up against us. I ask unanimous consent that excerpts from the address published in the New York Times, September 4, be printed at this point in my remarks.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

EXCERPTS FROM ADDRESSES AT BELGRADE CONFERENCE

PRESIDENT TITO, YUGOSLAVIA

Perhaps we were wrong to labor for too long a time under the delusion that the most responsible statesmen of the great powers would find a way toward the peaceful solution of the problems of which I am going to speak.

It was perhaps no less mistaken to believe that small countries, and the nonalined countries in particular, are not qualified to exert greater efforts for the solution of international problems.

There was a question as to what should be given priority: Inspection or disarmament? It is necessary to reach, first of all, in principle and concretely, an agreement on general disarmament.

Perhaps the time has come to consider the possibility of convening a general world disarmament conference, as a means for moving this problem off dead center.

This, of course, does not mean to diminish the role of great nuclear powers in a field where they will continue to bear the main responsibility.

The tendency of those who continue to make a "fetish" out of control cannot be viewed otherwise than as an indication of their unwillingness or hesitation to undertake real disarmament.

First steps termed important

In the present state of profound crisis in the field of disarmament, it appears to me that real importance should be attached to the question of initial and partial measures.

These measures, of course, should not be construed as an alternative to complete disarmament.

These measures, however, provided they are really aimed at genuine disarmament, could create more favorable conditions for initiating the process of disarmament and could even contribute directly toward this process.

The first in a series of such measures could be the decision of all countries to reduce their military expenditures, coupled with an obligation to contribute and utilize part of the savings thus achieved for assistance to economically less developed countries, as this would provide at least some guarantee that such a reduction has taken place.

If this could not be done immediately, then perhaps a decision to freeze military budgets at their January 1, 1960, levels could be taken.

France has failed to comply with the resolutions of the United Nations on the discontinuance of atomic tests, but continues to carry out such tests, while the other Western powers possessing atomic armaments have not taken any resolution measures against this.

Soviet statement discussed

The matters have now reached a point where the Soviet Government has published a statement on the resumption of nuclear weapons tests. All this has alarmed the whole world to an even greater extent.

We are not surprised so much by the communique on the resumption of atomic and hydrogen weapons tests, because we could understand the reasons adduced by the Government of the U.S.S.R. We are surprised

more by the fact that this was done on the day of the opening of this conference of peace.

We consider that utmost efforts should be exerted in order to bring about a resumption of negotiations on this problem.

I consider the solution of the disarmament question to be a matter of the greatest urgency because a constructive approach to this problem becomes increasingly difficult with the passing of time, particularly because of the attitude of the great powers.

The Berlin dispute, which has now been revived, has ominous overtones.

The existence of two Germanys is an actual fact today that cannot be denied. Only can a sound basis for a correct and lasting solution of the German problem be established, and in this respect it is the German people who will have to say the last word concerning their own future.

We are again on the verge of a situation fraught with the danger of war. And why? First because of the shortsighted and incomprehensible policies pursued by some powers who believe that an armed and militaristic Germany will represent a factor of security in Europe.

However, the evermore intensive arming of Western Germany is bound to result in an ever greater strengthening of those reactionary and Fascist elements which have been left behind by Hitler's war machine.

Provisional settlement asked

The situation in Berlin has recently become much worse. It is necessary to talk and to negotiate on this question in order to find at least a provisional solution that would not prejudge a final settlement to be achieved later.

The road leading to a settlement of the German problem—I do not have in mind the already settled question of the Oder-Neisse border—should be sought solely in negotiations and in the elimination of those elements that are causing this question to be a potential and dangerous source of a new conflict.

It is simply unbelievable how some colonial powers cannot, or do not want to, understand the spirit of our times.

This is also clearly demonstrated by the recent French armed attack against and the bombing and machinegunning of the innocent inhabitants of Bizerte, in Tunisia.

The acts of savagery committed by the Portuguese armed forces against the barehanded populations of Angola are causing indignation throughout the world. Tens of thousands of men, women, and children have already been killed.

Racial discrimination in the Union of South Africa is a dishonor to the civilized world. The treatment of the autochthonous populations by South Africa's colonialist rulers constitutes a brutal offense against human dignity and humane principles.

U.N. acts termed ineffective

The various resolutions adopted by the United Nations as well as actions taken pursuant to these resolutions have proved ineffective so far. More severe sanctions should be applied.

The more blood is shed, the wider will be the gulf between the peoples of Algeria and France. We are all awaiting impatiently that an agreement should be reached at the negotiations between the representatives of the provisional government of the Republic of Algeria and the representatives of France.

We saw that the monstrous murder of the Prime Minister of the legitimate Congolese Government, Patrice Lumumba, and of other Congolese leaders, could not shake the people of the Congo in their determination to fight against the colonialists and the domestic mercenaries.

The best illustration of how deeply ingrained are the aspirations of the peoples to liberate themselves from all elements of colonial and semicolonial dependence is provided by the recent attempt at aggressive intervention in Cuba, where the whole people unanimously rose in arms to oppose it.

Economic groupings decried

The establishment of the Common Market in Western Europe and the recent setting up of the Organization for Economic Cooperation and Development, which is beginning to be referred to as the Atlantic Economic Community, then the establishment of the Council of Mutual Economic Assistance, the Organization of East Eurpean Countries, etc., constitute one of the greatest obstacles to closer economic relations and cooperation. The countries outside these organizations, in the first place the nonalined countries, find themselves subjected to discrimination.

Economic cooperation among the less developed countries should be established on the broadest possible basis and should include all the nonalined countries as well as all the other less developed countries which are ready for such cooperation.

It would be of the greatest importance if not only the nonalined countries but all the forces in the world which are in favor of universal economic cooperation exerted greater efforts than heretofore for the establishment of universal economic organizations in the various sectors of economic activity, both within and outside the United Nations. A world conference, at which all the most important economic questions would be considered, could facilitate a more effective approach to the solving of these problems. Perhaps the most suitable place for the convening of such a meeting would be the United Nations.

Our country has gained a very positive experience in the course of a number of years, particularly in our relations with neighboring Greece and Italy, with whom we cooperate to our mutual satisfaction.

Peaceful coexistence

On the other, there is also a theory that peaceful coexistence between blocs is possible. There is no doubt that even this, as a temporary solution in order to avoid a conflict, is better than war. But this is more like an armistice.

We are, on the whole, in agreement that certain measures of reorganization should be undertaken in order to enable the world organization to perform its functions more successfully in the future.

It is high time that the People's Republic of China should take its seat in the United Nations, for it is really absurd that a people of over 600 million should not have its representatives in that organization.

It is necessary to take concrete measures for the purpose of reorganizing the machinery of the Secretariat of the United Nations in such a manner as to provide a safeguard that the Secretary General will act within the limits of his functions.

Perhaps this could be achieved through the establishment, alongside the Secretary General, of a consultative body consisting of, say, five or more members, which would, in assisting the Secretary General, insure a proper interpretation of the recommendations and decisions of the appropriate organs of the United Nations.

ARCHBISHOP MAKARIOS, CYPRUS

Colonialism has been the cause of great human distress and suffering. In its efforts to prolong its hold upon dependent peoples colonialism is causing a continued conflict with regrettably heavy loss of life in Algeria, Tunisia, Angola, and elsewhere.

My country, like other countries represented in the conference, has emerged from a state of colonial domination after a long struggle full of sacrifice. Our hearts go out in brotherly sympathy and support to all people struggling for their liberation from colonial rule. Their struggle is our struggle and their cause our cause.

The right of self-determination of all peoples is the cornerstone of the Charter of the United Nations. Any solution which ignores the will of the people concerned cannot be a sound and lasting solution nor can it preserve peace.

In this context we should examine one of the most dangerous problems which confront us today, namely the question of Germany. I feel that any solution of the problem of Germany should not disregard the will of the Germany people whose right to determine freely their status and future cannot be denied.

I would like to emphasize one point, important to my mind, namely that the people of Berlin cannot be kept in a kind of concentration camp. They should be allowed freedom of movement between West and East Berlin. All arguments which are meant to justify the existence of barriers are, in my view, unfounded.

Let the Germans themselves decide through a plebiscite under the auspices of the United Nations their form and system of government and as to whether Germany should be united or remain divided. To relieve the present dangerous tension, however, there is need for negotiations.

We were shocked to hear that the Soviet Union declared its intention to resume nuclear tests. In this connection I would also wish to place on record our concern over the carrying on of nuclear tests by France in Africa against world opinion and in disregard of the protests of the people of that continent. Efforts should be made towards general and complete disarmament in implementing the resolution adopted by the 14th session of the General Assembly of the United Nations.

This conference coming at the present juncture of world history has a dual duty to perform in these respects. First it should exert its influence towards an easing of the tension by an agreement that would restore the sense of security that has been shaken by the present crisis. To this end the conference should call for an early meeting between the heads of the two leading states in the dispute, namely President Kennedy and Mr. Khrushchev.

Second, the conference should, in an imaginative move, call for the placing of moral values first in the policies of nations. The essence of the resolutions adopted, should convey this call. In this spirit the conference should give its full moral support to the United Nations as an effective instrument of peace and freedom in the world.

SIRIMAVO BANDARANAIKE, CEYLON

I am happy to attend this great assembly not only as a representative of my country but also as a woman and a mother who can understand the thoughts and feelings of those millions of women, the mothers of this world, who are deeply concerned with the preservation of the human race.

The present crisis in Berlin must be reviewed not as a separate question but as part of the larger problem of a divided Germany and against the background of the failure of the great powers to agree on a firm peace settlement for that country.

In my view, this problem will not be solved if the governments concerned continue to insist on legal arguments of a technical kind. A spirit of compromise and conciliation should therefore be adopted by the parties directly concerned in order to arrive at a settlement of this question.

It is our view that as a first step toward creating international confidence the great powers should firmly resolve and make it known to the world that they will not resort to military engagements and will depend solely on peaceful negotiation to arrive at a solution.

The great powers must also agree to the withdrawal of all foreign armed forces from their respective sectors in Germany and to

the demilitarization of Germany. The great powers must immediately get down to the task of reopening direct East-West negotiations designed to achieve a final settlement by peaceful means.

For the success of such negotiations it would be essential for the two Germanys to participate in the discussions since the future of Germany must be determined not in accordance with the cold war strategy to suit either of the great powers but in order to establish a unified state insulated as far as possible from the cold war and unalined with either of the existing power blocs.

No lasting solution of the German problem can be found on the basis of unilateral abrogation of rights and obligations. Likewise a rigid attachment to positions formulated by mere legal technicalities cannot pave the way toward an abiding settlement.

Commonwealth cited

I would commend to this conference the statement on disarmament referred to in the final communique of the Commonwealth Prime Ministers' conference held in March of this year. We felt at that time that an effective international agreement could be concluded on the lines indicated in that statement.

The Commonwealth Prime Ministers' statement on disarmament urged the reopening of disarmament negotiations at the earliest possible moment with the aim of completely eliminating all means of waging war.

Unfortunately disarmament negotiations have come to a standstill and, what is worse, nuclear tests have been resumed by the Soviet Union.

We should make an immediate appeal to the big powers to resume negotiations with a view to the achievement of complete and general disarmament. In my view, it would help these negotiations if a certain number of the nonalined countries are also included in the disarmament commission.

The Office of the Secretary General of the United Nations has in recent times come in for much criticism.

In spite of the mistakes made by the Secretary General over the Congo situation last year we feel that the Secretary General should retain sole executive authority for carrying out the directives of the General Assembly, the Security Council, and the other bodies of the United Nations.

We also feel that the Office and authority of the Secretary General should be upheld and strengthened, and one of the positive ways to achieve this would be to reorganize the Security Council in such a way as to enable it to give clear directives to the Secretary General.

There is no single country in the world at this moment that looks forward to the prospect of war without dismay. I do not believe there is a single mother in the world who can bear to contemplate the possibility of her children being exposed to atomic radiation and slow and lingering deaths, if not swift annihilation.

The statesmen of the great powers, who have been placed in positions of trust and authority by millions of ordinary people who do not want war, have no right to assume that they have a mandate to precipitate a nuclear war and immense destructive power either to defend a way of life or to extend a political ideology.

Our endeavor should be to influence world opinion to such an extent that governments, however powerful, cannot regard warfare as an alternative to negotiation. Too much is at stake today to allow us the luxury of considerations of prestige and honor. When human life is involved all else is secondary.

Mr. PROXMIRE. Madam President, there is every reason why we should not give aid to this Communist dictator in the future as we have in the past. It seems to me that my amendment is moderate. It is a 1-year suspension. This is the least we should do.

ORDER FOR ADJOURNMENT UNTIL TOMORROW AT 11 A.M.

Mr. MANSFIELD. Madam President, I ask unanimous consent that when the Senate adjourns today, it adjourn to meet at 11 o'clock tomorrow morning.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

AUTHORIZATION FOR COMMITTEES TO MEET UNTIL NOON TOMORROW

Mr. MANSFIELD. Madam President, I ask unanimous consent that all committees of the Senate be authorized to meet until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT OF THE FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. SPARKMAN. Madam President, before the Senator from Kansas [Mr. CARLSON] addresses the Senate, I wish to make some brief remarks in order to get them into the RECORD at this point in connection with the amendment offered by the Senator from Wisconsin [Mr. PROXMIRE].

It is much easier to support the amendment than it is to oppose it, merely on the surface of things. But there are certain points for us to consider. We ought to consider what we are trying to acomplish by some of the things we are doing.

First, let me make clear that we are not giving Yugoslavia any aid at the present time. The last aid we gave Yugoslavia was in 1961, I believe, and that was a relatively small amount.

The Senator from Wisconsin has referred to the great amount of assisttance we have given Yugoslavia over the years. It is true that we have given a great deal. I believe the Senator said it was the largest amount given to any of the neutralist countries. I acccept his figures. But at present we are not giving any aid to Yugoslavia, and no aid is provided in the bill now before the Senate. The question is left open. There is programed for Yugoslavia $10 million in development loan funds. No military or economic assistance is provided, except as authorized under Public Law 480 may be called economic assistance. I believe the amendment of the Senator from Wisconsin would not even affect that question.

Yugoslavia is a Communist nation. But we started deliberately in 1948 trying to help Yugoslavia maintain a spirit of independence.

That she has done. It is true that Khrushchev courts Yugoslavia quite frequently. He makes trips to that country. He talks to Marshal Tito, and he does what he can to gain favor with Yugoslavia. But Yugoslavia maintains her independence.

Madam President, I wonder if Senators are aware of the fact that 70 percent of Yugoslavia's trade is with the West. Only a minimal amount of trade is conducted with the Soviet Union and with the Eastern World. Seventy percent of the trade of Yugoslavia is with the West.

Not only that, but Yugoslavia is a member of many of the international organizations of which the United States is a member and Russia is not. They are organizations that Russia has boycotted. Yugoslavia is a member of the World Bank, the International Bank of Reconstruction and Development, and the International Monetary Fund. She is a member of the General Agreement on Tariffs and Trade. She is a member of the OECD. She was a member of the OEEC, which was the predecessor of the OECD.

There is additional significance to this subject. We say that a country gets power over another country by furnishing military equipment and making that country dependent upon the furnishing country for ammunition and spare parts. Yugoslavia today uses ammunition that she obtains from the United States.

I believe that the encouragement which has been given Yugoslavia, largely by the United States and to some extent by other Western powers, has had a great influence in swinging Yugoslavia more and more toward the West, and certainly in enabling that country to maintain an independent position.

Of course we are opposed to international communism and its determination to control the whole world. However, at the same time we are trying to break away countries from the stranglehold of international communism, and I believe a good job is being done in the case of Yugoslavia. I believe that the program which our country has carried on with reference toward Yugoslavia has been one of great care and caution and one that has produced results.

By the way, it is not an automatic program. It is a program which the President can control. I believe that President Truman, President Eisenhower, and President Kennedy have exercised a very wise control over the different aid programs which we have had with reference to Yugoslavia.

Mr. PROXMIRE. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. PROXMIRE. The Senator from Alabama concedes, I am sure, that Yugoslavia is a dictatorship, and is a Communist dictatorship.

Mr. SPARKMAN. Yes.

Mr. PROXMIRE. The Government of Yugoslavia does suppress the liberties of its peoples and their freedoms, and permits no opposition party to exist, and no protest, and no freedom of speech, and no freedom of religion.

Mr. SPARKMAN. I am sure those statements are accurate. I do not know them of my own accord. However, I am sure that they are true. If we start on a program like that, where do we stop? The Senator from Ohio [Mr. YOUNG] stated today that he would offer an

amendment—I do not believe the Senator from Wisconsin was on the floor at the time—to prevent the giving of aid to countries which maintain dictatorships. Where does that get us with reference to countries in our own Western Hemisphere?

Mr. PROXMIRE. I would like to answer the Senator on that point.

Mr. SPARKMAN. Where are we going to draw the line? Are we going to define Franco's Spain a dictatorship, from which we will withdraw aid? Are we going to define Salazar's Portugal a dictatorship, from which we will withdraw aid? What about the Government of Turkey? What about the Government of Pakistan? What about other countries? Where are we going to draw the line? I am not saying which of these countries may be totalitarian.

Mr. PROXMIRE. Will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. PROXMIRE. I am glad the Senator permits me to make response. There is no question about Pakistan, Turkey, Portugal, and Spain. They are dictatorships.

Mr. SPARKMAN. Should we therefore withhold our aid?

Mr. PROXMIRE. The distinction is that these are not Communist dictatorships. I repeat Communist dictatorships. These are countries which are on our side. We have bases in Spain. Turkey has been one of the bravest and most effective opponents of the whole Russian operation.

I agree with the Senator from Alabama that there is no question that we would much rather deal with democracies. However, I believe we must recognize the fact that we live in a world that is imperfect. There is every reason why we must give military aid to a country like Turkey, which has become a dictatorship. However, to give aid to a Communist dictatorship, when it gives every indication that it is not moving more and more toward us, but, instead, more and more toward Khrushchev, is certainly an entirely different matter. The Belgrade speech immediately after the resumption of nuclear testing was a tragic slap at this Nation. The jailing of Djilas, because he criticized Khrushchev, and the relationships between Tito and Khrushchev are other indications of what the true situation is. The same can be said of Tito's failure to criticize the Russians when they resumed nuclear testing. All these, as I say, are indications that here is a country which is not with us.

It is a dictatorship, Madam President. There is every reason not to give it assistance.

Furthermore, while $10 million for the economic development program may not be a big sum, it is very important symbolically, and I believe that our country should take a long, hard look at what the Senator has said about our providing ammunition to Yugoslavia. That ammunition, I take it, may involve planes and may involve the training of pilots. I understand that Tito pays for both, but what he pays is a ridiculous price, as for example, $10,000 for a $350,000 plane. That situation should be explored further. Of course, I recognize that my amendment cannot cover that situation. Technically this military aid is not assistance; it is strictly a sale. Nevertheless, I believe this amendment is where we can take effective action. This situation is entirely different from Pakistan and Turkey. These are countries which are our friends. They are with us. They are not democratic, but they are opposed to communism. They are ready, willing, and able to fight against it. Tito tells us as he said at Stalingrad on June 11, 1956, he will fight with communism against us.

We may need the help of Pakistan, Turkey, and the other countries mentioned by the Senator from Alabama. We could well imagine that this aid could save some American lives and treasure. The same cannot be said of Tito.

Mr. SPARKMAN. I did not intend by the question I propounded to the Senator from Wisconsin that I was advocating cutting off aid from these other countries. I recognize it is a difficult problem for us. It is difficult for us to deal with totalitarians that are, so to speak, our totalitarians. It is difficult to deal with totalitarians on the other side. That is not so much the point. The point here is that, with respect to Yugoslavia, I believe the record is clear that very definite progress has been made. Of course, Tito has said many things we do not like. So has De Gaulle. So has Adenauer. Even Macmillan, I suppose, at times has said things we did not like. However, we do not throw them aside because they make these remarks. Tito is not a member of the Warsaw Pact. Yugoslavia has maintained its independence. I believe we ought to do whatever we can to encourage its remaining independent.

Mr. HICKENLOOPER. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. HICKENLOOPER. With reference to the discussion between the Senator from Alabama and the Senator from Wisconsin, there is a very cogent and substantial difference between some of the dictator countries and the Communist countries. I know of no country that has a classic dictatorship which has for its basic and controlling philosophy world domination and world conquest. Communist countries have for their basic objective world conquest. It is not necessirily the struggle that we have against a particular type of self-imposed government which a country may have, but it is the philosophy of fighting world communism and world conquest by communism, which will give us a justification for this aid.

Mr. SPARKMAN. Yes. I made reference to that earlier in my remarks. I do not want to do that. However, are we going to surrender the entire Communist world, satellites and all? The Senator's party in 1952 offered deliverance of the satellites. They were willing to deliver them from Communist control and take them back in with us. Are we going to throw them away now? Why is this directed against Yugoslavia alone, and not against Poland also? Why pick out one country?

As I have said, we have tried, since 1948, to break away some of these independent countries from the arms of communism.

As long as there is hope of our being able to break these countries away from communism, we ought to be willing to continue to feed the fires. We are not giving them any extensive aid. It is purely within the control of the President. Three Presidents have administered the program. There was President Truman and then President Eisenhower. Now we have President Kennedy administering this program. I am sure everyone will admit that they have administered this program wisely and carefully and cautiously.

The Senator from Wisconsin has referred to the airplane incident. That was another contract, of several years ago. I am sure the Senator realizes that.

Mr. PROXMIRE. Yes, that was several years ago.

Mr. SPARKMAN. Furthermore, I am not trying to justify that plane incident. I do not know the facts. I do not know the details under which the contract was made. I do know that President Eisenhower, after he had left office, said it was a good deed and that it should be continued.

I believe President Eisenhower was careful and cautious in the administration of that program of aid to Yugoslavia, just as he was in regard to the limited amount we gave Poland. So long as hope remains that we can break such countries away, we ought to do what we can, within the bounds of reason, to assist them. I believe the President of the United States will exercise his discretion within the bounds of reason.

Mr. PROXMIRE. Madam President, will the Senator from Alabama further yield?

Mr. SPARKMAN. I yield.

Mr. PROXMIRE. The Senator asks: Why not cut off aid for Poland? I am for doing that. Aid for Poland is not provided in the bill. However, the bill provides for a $10 million economic development program for Yugoslavia. If the bill contains anything for Poland, I will vote against it. I agree that we should not give aid to Communist dictatorships.

Mr. SPARKMAN. I am glad the Senator from Wisconsin makes that point clear.

Mr. PROXMIRE. I am sure the Senator would agree, when he says we do not like much of what Macmillan or De Gaulle or Adenauer says——

Mr. SPARKMAN. I said that possibly we might not like some of the things Macmillan has said. I do not recall anything specific at the moment.

Mr. PROXMIRE. Nothing which any of those men has said has alined them more closely with Khrushchev and against the West.

Mr. SPARKMAN. Not at all; but the Senator from Wisconsin was largely pitching his claim that Tito is gravitating back to the Communist orbit upon statements which Tito has made. Many

persons say things we do not like, but we cannot afford to be changing our course every time someone says something we do not like.

Mr. PROXMIRE. This has been a consistent pattern since the death of Stalin. Tito has become constantly more closely alined with the Soviet Union. He is now so closely alined that he is recognized as one of the leaders of the Communist movement. The fact is that a Communist dictator differs from other dictators in that he believes in world domination and dominion.

Mr. SPARKMAN. I think the record will speak for itself. As I have said, 7 percent of Yugoslavia's trade is with the West. Germany and Italy are her two most favored nations. I mean that they are the two nations with whom Yugoslavia trades the most. Yugoslavia uses the ammunition she gets from the United States. She belongs to international organizations which Russia has boycotted, and in which Russia has denied membership to her satellites.

But Yugoslavia has shown her independence. She belongs to some of the organizations to which the United States belongs. Yugoslavia is a member of the World Bank, of which we are a member. She is a member of the International Monetary Fund, of which we are a member. Yugoslavia is a member of the OECD, in which the Senate ratified membership for the United States a little more than a year ago. Yugoslavia participates in many programs in which the West participates. She has shown her independence of the Kremlin, of Khrushchev, and of Russia, and has shown complete independence.

One thing we must remember is that it is not so much a question of whether we approve of what Tito is doing or if we approve of what Yugoslavia is doing. I think the situation is this: Yugoslavia is a nation that is neither with the West or with the Western Powers nor with Khrushchev and the Kremlin. Where had we rather that nation be? Alined with us? Or shall we merely turn her loose and say, "Go with the other crowd"? I think that is how we ought to consider those countries. If we have a fair chance of weaning they away from communism, we ought to try to do so.

I remember when the Marshall plan was enacted. I remember the first shipments which were made under the Marshall plan. I remember the newspapers telling us about the pending elections in Italy. We were told that Italy was simply teetering on the borderline of communism. Many persons thought the elections would result in a Communist government for Italy—which, by the way, would have been the first Communist-elected government in history.

Whenever I think of communism and its terrible threat in the world, I always take comfort from remembering that no people has ever voted upon itself a Communist government. But it was believed then that Italy might become Communist. So the United States rushed shipments of Marshall plan items into Italy in order that the people might see that the United States was coming to their relief. There has never been any doubt in my mind that it was the prompt action of the United States in enacting the Marshall plan program and in making those shipments to Italy that kept Italy from going over to the Communist orbit.

A somewhat similar situation occurred in France, not so dramatic, probably not so threatening, but nearly so.

I believe it is a fact that we dared go to the help of those countries, at a time when it seemed that what we were giving would fall into Communist hands, in order to save those countries from communism. I do not believe we ought to turn any country loose to communism if that country shows a movement toward independence.

I hope Senators will read that part of page 11 of the report in which the committee treats of Yugoslavia. Mr. President, I ask unanimous consent that that part of the report be printed at this point in the RECORD.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

YUGOSLAVIA

In the past year, the committee has received a number of complaints regarding aid to Yugoslavia. In the heat of a moment, it is easy to lose sight of the purpose and significance of this aid. First of all, since the time of the break with Moscow in 1948, the United States has assisted Yugoslavia to avoid domination by the Sino-Soviet bloc. Grant military aid was halted 3 years ago. Economic aid has continued, largely in the form of development loans and sales of surplus agricultural commodities. The decision to support Yugoslavia has been taken by three Presidents and every Secretary of State who has served under them. Among other considerations, the interest of the United States is clearly served by the example of a former member of the Sino-Soviet bloc making progress while following a generally independent line.

The fact is that with foreign assistance, Yugoslavia has maintained high levels of investment and an annual growth rate of over 10 percent—higher than any Soviet bloc country. Politically, it is a Communist state following a foreign policy based on nonalinement. About 70 percent of its trade is with the West, less than one-third with the Communist bloc. Its chief trading partners are West Germany and Italy. It is a member of the International Monetary Fund and the World Bank. It has associate member status in the General Agreement on Trade and Tariffs and the OECD (having had similar status in the predecessor organization, the OEEC). About 1 year ago, Yugoslavia applied for a similar arrangement with the Council for Economic Mutual Assistance, the economic organization of the Warsaw Pact countries. This application was rejected.

Mr. PROXMIRE. Madam President, will the Senator yield one more time?

Mr. SPARKMAN. I yield.

Mr. PROXMIRE. Is it not true that Yugoslavia, under Tito, has alined itself consistently with the Soviet Union and that Tito said at Stalingrad, on June 11, 1956:

Yugoslavia, in time of war, as well as in time of peace, marches shoulder to shoulder with the Soviet people toward the same goal—victory over the enemies of socialism.

That statement is not comparable with statements which might be made by De Gaulle or Adenauer or Macmillan, men with whom we might disagree. This is not a question of giving aid to a country which might go Communist. Yugoslavia is already Communist. There is no more militant a Communist than Tito. There is no more ruthless a Communist than Tito, who has thrown many opponents like Djilas into jail or sent them to the firing squad. Tito has alined himself with Khrushchev, and in recent months he has alined himself more closely than ever with the Soviet Union.

When we talk about the Marshall plan, the Marshall plan provided aid to countries which were not Communist. That was one of the reasons why we assisted them. Certainly we cannot now argue that we are giving aid to a country that will not be Communist. It is a Communist country now; and it has come closer and closer to giving all-out support to and being dependent upon the Soviet Union. Tito has achieved a position in the Communist world which is equal in many respects to the position of Khrushchev. Both are Communist dictators.

Madam President, under those circumsances, it seems to me it would be insane for Congress to take the taxpayers' money in order to subsidize a Communist dictatorship. To do so would be beyond my understanding.

Mr. SPARKMAN. Madam President, in connection with the remarks I have just made, I should like to read into the RECORD a section of the present law. I referred to it in my remarks, but it might be well to have the exact language in the RECORD. I shall read section 143 of the Mutual Security Act of 1954, as amended:

SEC. 143. ASSISTANCE TO YUGOSLAVIA.—In furnishing to Yugoslavia, the President shall continuously assure himself (1) that Yugoslavia continue to maintain its independence, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and constantly informed of any assistance furnished to Yugoslavia under this act.

Madam President, I stated that I felt that the three Presidents who have administered the act have done so with great care and caution and with profitable results. The section I have read continues to be the law. It will continue to be the law whether the Proxmire amendment shall be accepted or not. The President must continue to keep careful watch over the program. I do not see how Congress could make the language much tighter and still leave any room for the President to act at all.

Mr. CARLSON. Madam President, when the Foreign Assistance Act of 1961 was before the Senate, authorizing appropriations for the aid program, I discussed a regulation on the part of the agency itself which I think is hindering it from getting the people who should be hired and used in this particular field of work.

I have particular reference to persons who are especially qualified to serve in certain countries, because of their knowl-

edge of the language and, in many instances, because of years of experience in those countries, and because of their background.

It so happens that under the present regulations, candidates for assignment to oversea posts are required, as a prerequisite to employment in the USIA, to sign a form in which they agree to serve on a worldwide basis. In other words, one cannot apply to the USIA to serve in Turkey or in some other particular country in which he may have lived for years, with the result that he thoroughly understands the language and the people. Instead, applicants are required to agree to serve on a worldwide basis.

I have made some inquiry about this matter, and it seems to me that such a requirement tends to discourage the employment of persons who are able to serve best in specific countries. Certainly those who are assigned to oversea service should be assigned on a basis which will permit the fullest advantage to be taken of their special training and experience and ability. However, under the present regulation, an applicant who requests service in a specific country, because of his knowledge of the language spoken there and because of his past experience or residence there, is told that he should not apply for service in a specific country or countries, and that if he does make a request for a specific assignment, he will do so at the risk of having his application rejected.

Certainly, Madam President, such a regulation is a most unfortunate one, in view of the great demand for those who have specialized knowledge about certain countries and can speak the language.

As I have already stated, Madam President, I discussed this matter somewhat a year ago, because I am convinced that a real knowledge of a specific oversea area and familiarity with the language spoken there can be invaluable to those who serve our country in those areas; and certainly I would imagine that all Federal agencies dealing with them would be anxious to secure the services of such persons, in order to assign them to the areas with which they have definite familiarity—for instance, in Africa, in Asia, and in Latin America, where such specific knowledge can be of great benefit to the agency's program. However, we find that this is not being done.

When this matter was brought before the Senate last year, I offered to Senate bill 1983 an amendment which reads as follows:

To the maximum extent feasible, officers and employees performing functions under this Act abroad shall be assigned to countries and positions for which they have special competence, such as appropriate language and practical experience.

That amendment seemed to me at that time to be a very sensible and practical one. It was adopted, and became part of the bill which the Senate passed last year. It had been my hope that the amendment would be a directive—although it is not mandatory—to the officials affected to assign officers and employees to positions abroad in which they would have special competence, such as appropriate language and practical experience. But such has not been the case; and, instead, the old, rusty personnel policy-gate is swinging as squeakily as before.

Therefore, Madam President, it seems to me that this amendment must be made mandatory. I do not like to try to include mandatory provisions, particularly in a bill of this type. We now have a very able head of this Agency, Mr. Fowler Hamilton; and I believe he is trying to get able people to serve in it.

However, the situation which now exists there should be changed, and a correction of it should be made. Those who are employed should be very able persons who have the special qualifications, training, and experience which will enable them to render the very best service.

Therefore, Madam President, it seems to me that this Agency should, without any further action on the part of Congress, make a real effort to use such persons, rather than force them to sign a statement to the effect that if they enter the USIA foreign-aid program, they will be willing to serve on a worldwide basis, rather than to serve where they are particularly well qualified.

Madam President, I hope this statement by me today will cause some thought to be given to this matter by the officials of this Agency, because I do not think all applicants for service under it should be forced to agree to serve anywhere in the world, without regard to their specialized experience and abilities.

Mr. PROXMIRE. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

The PRESIDING OFFICER (Mr. MUSKIE in the chair). Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I send to the desk an amendment to the pending measure, and ask that it be printed and lie on the table, under the rule.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. JAVITS subsequently said: Mr. President, I ask unanimous consent that the amendment just submitted by me to the Foreign Assistance Act of 1961, be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 6, between lines 9 and 10, insert the following:

"(e) In furnishing assistance under this title, consistently with and for the purposes of section 601(b)(4) of this Act—

"(1) the Agency for International Development or any other departments and agencies designated by the President shall provide such financial and administrative assistance as may be determined by the President to be necessary from time to time in order to make effective the efforts of the Commerce Committee for the Alliance for Progress, established under the Department of Commerce on May 9, 1962;

"(2) the President is requested to call a conference to be held in 1962 for private enterprise—public cooperation for Latin American development, inviting private and governmental participation as he may deem advisable from the members of the Organization for Economic Cooperation and Development, the Organization of American States, and Japan, and to direct the appropriate departments and agencies of the Government to cooperate with the Commerce Committee for the Alliance for Progress and the United States Management Advisory Group to the Organization for Economic Cooperation and Development, established under the Department of Commerce, in the preparation and activities of such a conference; and

"(3) the President is requested to encourage private local, country, and regional projects for managerial and technical training in Latin America as well as for agricultural, industrial, and other economic purposes."

Mr. JAVITS. Mr. President, the amendment would apply to the problems of the Alliance for Progress, which is to be underlined by this measure.

I note with great interest that, as the provisions for the Alliance for Progress are written, the provisions do not tie into any private enterprise effort, yet it is axiomatic that the Alliance for Progress program will not be successful unless it does tie into a private enterprise effort.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. SPARKMAN. I wonder if the Senator would read the amendment, or have the clerk read the amendment, so that we may be properly oriented.

Mr. JAVITS. I have not yet actually dispatched the amendment to the desk. I shall do so. I was about to explain it.

Mr. SPARKMAN. I must leave the Chamber for a few minutes.

Mr. JAVITS. If the Senator will bear with me, I will give him the details. Of course, I shall not call up the amendment tonight. I shall submit the amendment to the Senator for his consideration.

In deference to the requirement of the law, which is contained in section 601(b)(4) of the Act, relating to the utilization of the channels of private enterprise for the purpose of carrying out the intent of the law, I should like to provide specifically that this shall be applied to the Alliance for Progress program in three ways, all of which are to be left to the discretion of the President, so far as concerns the extent to which he will act.

First, I suggest cooperating with and making funds and staff available to—and again I emphasize, in the President's discretion—the Department of Commerce Committee on the Alliance for Progress, which is a private enterprise committee.

Second, I suggest similar cooperation with the Department of Commerce Committee on the OECD, again a private enterprise committee, in connection with a conference to be called for the purpose of stimulating private enterprise—public cooperation for Latin American development.

Third, and again within the discretion of the President, I suggest the giving of aid to the efforts to develop managerial skill in Latin America, which are being carried on by a number of private nonprofit agencies in the United States.

In other words, I propose specific ways in which our desire, as expressed in the

law—that the channels of private enterprise shall be utilized so far as practicable—may be fulfilled in connection with the new program of the Alliance for Progress, by use of machinery which is immediately at hand.

I shall, of course, submit the amendment to the Senator.

Mr. SPARKMAN. I thank the Senator.

Mr. JAVITS. Mr. President, if my memory is correct, in Latin America Americans have some $9 billion in private investment. Our export and import trade is very great, both in terms of the production we send to Latin America and the production they send to us. There is a great network of American companies and individuals engaged in every phase of operations, both the oversea operations of American business and the local operations of local business. There is a real problem of a burgeoning middle class and the great influence which that could have upon the path of development which we propose to follow. It seems to me there should be, in so bold a program as the Alliance for Progress—it is a bold program, and I think it is a very important program, and I want very much to see it enacted—a clear blueprint as to how we intend to proceed so as to link our private enterprise system and the indigenous private enterprise system into the total effort of the Alliance for Progress.

The other aim which I have in respect of the amendment is to tie in the problems which we have in getting the European community, which is now becoming far more prosperous, to lend a hand in respect of Latin America, both on the governmental and on the private level.

In that connection, it may be recalled by some of my colleagues that I have strongly urged a private enterprise conference, which would tie in the private and public sectors of the OECD countries in respect of our Alliance for Progress. We all know that even the amounts which are called for in the bill, large as they are, will not be adequate for the enormous push forward which is required for the economy of Latin America. Therefore, we must proceed in two ways; first, by enlisting the aid of the private enterprise systems concerned, and, second, by enlisting the aid of our allies in Europe.

It seems to me there is hardly another prospect in the world for enlisting the OECD countries—the 18 European countries plus the United States and Canada—and, through the Development Assistance Committee of the OECD, Japan as well. There is no other area in which they are more likely to be able to cooperate together fruitfully in order to put up the resources which are required for this effort in Latin America. All have common interests in this territory, which really is not virgin territory since various countries have been operating there for a long time.

The private enterprise concept is not by any means alien to the Latin American countries. It is for these reasons that I hope very much that the Senator in charge of the bill, after studying the amendment, will see fit to accept it, because actually, without in any way dictating or directing, it would encompass a practical technique for placing the whole private enterprise effort in cooperation with the governmental effort in the extremely important Alliance for Progress program. I hope that after submitting the amendment with my explanation to the Senate tonight, the Senator in charge of the bill will have an opportunity to study it. I shall, of course, explain it further in the hope that it may be found acceptable. It is hardly a subject that we ought to fight about. I hope it is the kind of thing that will be considered constructive and useful in the totality of the effort.

Mr. CHURCH. Mr. President, I send to the desk an amendment which I propose to offer to the pending bill, and ask that it be printed.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. CHURCH. The substance of the amendment is as follows:

(c) The President shall regularly reduce, and, with such deliberate speed as orderly procedure and other relevant considerations, including prior commitments, will permit, shall terminate, all further grants of military equipment and supplies to any country having sufficient wealth to enable it, in the judgment of the President, to maintain and equip its own military forces at adequate strength, without undue burden to its economy.

THE PURPOSE OF THE AMENDMENT

The purpose of the amendment is to require the orderly reduction and ultimate termination of further grants by the United States of military equipment and supplies to those countries, which, in the judgment of the President, are able to maintain and equip their own military forces at adequate levels of strength, without need for external help.

THE NEED FOR THE AMENDMENT

Under the pending bill, over $314 million is allocated for military grants to Western Europe. This is a perpetuation of the military subsidies we continue to give these countries, which have totaled more than $14½ billion since 1950, when the majority of the countries involved had already recovered economic capabilities sufficient to sustain their own military forces, without outside aid. Most of these countries have now become so prosperous that their per capita income rivals that of some of our American States. Clearly, there is no economic basis upon which to justify our continuing subsidies to these countries. Congress stopped further substantial economic aid to these countries 8 years ago, recognizing they had fully recovered their capacity to be self-supporting. It is long past time for us to take a similar stand on military aid.

ARGUMENTS AGAINST THE AMENDMENT ARE WITHOUT BASIS

First. The continuing American subsidy is not furnishing these countries with an inducement to make a greater defense effort on their own.

The prosperous countries in Western Europe are not making as much an effort, in proportion to their own resources, to maintain their armed forces, as we have been making in proportion to ours. In calendar year 1961, the European NATO countries spent 5.2 percent of their GNP on defense, while the United States spent 9.8 percent of its GNP on defense. Moreover, the average yearly military expenditure of our NATO allies has fallen off from 5.9 percent in 1956 to 5.2 percent in 1961. We are making nearly twice the effort for defense, in proportion to our own wealth, as the average of our European allies in NATO. The trend in the United States is up; in Europe, it is down.

To demonstrate beyond argument the level of wealth that has now been achieved by most of our NATO partners in Western Europe, their resultant capacity to maintain their own armed forces without American subsidy, and the lesser effort they are actually making, compared to our own, I ask unanimous consent to have printed at this point in the RECORD an appropriate table containing the figures for last year, 1961.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Selected economic and defense expenditures data on European NATO countries, calendar year 1961

Country	Population in thousands, mid-1961	Gross national product [1]		Private consumption per capita [1]	Defense expenditures	
		Total (millions)	Per capita		Total (millions)	Percent of GNP
Belgium-Luxembourg	9,525	$13,130	$1,378	$941	$395	3.0
Denmark	4,675	6,120	1,309	877	170	2.6
France	45,980	60,440	1,314	859	4,000	6.4
Germany	54,070	74,545	1,379	785	3,150	4.1
Greece	8,405	3,425	407	297	165	4.7
Iceland	180	147	817	400		
Italy	49,549	33,890	684	433	1,200	3.5
Netherlands	11,637	12,000	1,031	592	525	4.3
Norway	3,620	4,650	1,285	764	155	3.3
Portugal	9,196	2,510	273	205	200	8.0
Turkey	28,400	5,300	187	144	285	5.2
United Kingdom	52,800	73,590	1,394	904	5,050	6.8
Total, European NATO	278,037	289,747	1,042	969	15,295	5.2
United States	183,650	514,400	2,801	1,826	51,093	9.8

[1] Calendar year 1961 in 1960 market prices.

NOTE.—All data are preliminary and subject to revision.

Precise comparisons of the levels of gross national product and of defense expenditures between the European countries and the United States are not possible. The conversion into dollars has been made on the basis of official foreign exchange rates, and the purchasing power of the dollar equivalent is appreciably higher in most European countries than in the United States. Intra-European comparisons of the converted dollar figures are subject to similar limitations.

Apr. 17, 1962.

Mr. CHURCH. Second, the amendment would not affect our obligations to the NATO alliance, nor to desirable training and service liaison with our NATO allies.

The amendment does not apply to assistance in the form of training or service, but only to military equipment and supplies. It would not affect our contribution to the NATO infrastructure, but only to grants to individual countries, in NATO or elsewhere, which are able to get along very well on their own.

Third. The amendment will neither weaken nor disrupt the NATO alliance.

The language of the amendment allows the President to regularly reduce the grants-in-aid program, as orderly procedure and prior commitments will permit. Thus, there will be no disruption within the NATO alliance. In the long run, the amendment will actually strengthen the alliance by making it clear to each member that, as we intend to do our part, so we expect them to do theirs. The continuation on our part of unwarranted subsidies to rich countries, fully capable of maintaining their own military forces, can only lead, as history has so often shown, to a corruption of the alliance which will weaken it internally through the erosion of the mutual respect that comes from each member doing its share.

At a time when we are struggling to correct our own adverse balance of payments, and appealing to our NATO allies to assume a greater share of the foreign-aid burden, Congress should at least begin to close the door on further American subsidies to those self-supporting countries that have no need whatever for more American aid.

Mr. PEARSON. Mr. President, as we engage in consideration of new legislation for foreign aid, Members of this body will be seeking objective reports of conditions in many foreign lands. I have in my possession a letter from Mr. J. A. Mull, Jr., president of the Mull Drilling Co. of Wichita, Kans., and a copy of a letter to Mr. Mull from Father Trumbull of a mission hospital in Loliondo, Tanganyika. Mr. Mull has traveled extensively through Africa, and Father Trumbull has lived and worked closely with the native people of that continent. Their letters are firsthand reports which will be useful to many persons during the consideration of this country's foreign aid programs.

I am pleased to note from committee reports that the administration and the distinguished members of the Senate Committee on Foreign Relations are placing new emphasis on long-range planning, loan-type assistance rather than outright grants, multilateral sharing of the foreign aid burden among all of the worlds more prosperous non-Communist countries, greater selectivity and concentration in aid programs, the need to strengthen the private sectors of the economies of developing countries, and protection of American interests abroad against arbitrary expropriation.

I am concerned, however, with the apparent lack of planning toward eventual termination of the foreign aid program. Is foreign aid, at the rate of $4 or $5 billion a year, to be a permanent obligation of the American people? I firmly believe that the Marshall plan and NATO saved much of Western Europe from communism; I believe that aid to Africa, Asia, and Latin America has an excellent chance of preventing the spread of communism in those areas. The American taxpayers deserve to know, however, how long they must be expected to shore up the faltering economies of these vast areas of the world. I trust that my distinguished colleagues will give frank replies to this question during the period of discussion ahead.

It is not enough to say, "We do not know how long the Communists will threaten the world." Surely the administration, with its immense resources of economic reporting and its many scholars in the field of economic forecasting, can give us some intelligent predictions as to the time when other non-Communist nations will be able to stand on their own economic feet. Every aid program upon which we embark should have as its goal the building of sufficient strength in the recipient country so that it can exist in national security and freedom with both political and economic independence. The rate of progress toward that goal should be of immediate concern to all of us.

As a contribution of firsthand information concerning political, economic, and social conditions in parts of Africa, I ask unanimous consent that the letters from J. A. Mull and Father Trumbull be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

WICHITA, KANS.,
April 2, 1962.

HON. JAMES B. PEARSON,
U.S. Senate,
Senate Office Building,
Washington, D.C.

DEAR SIR: As a Kansas citizen, my prime interest should be worrying about imports, depletion allowance, etc.; however, I have spent considerable time in Africa over the last 4 years, and the activities there by our Government so appalls me that I wish to pass some information on to you since, generally, people from the Midwest cannot be too familiar with our foreign situation unless they have traveled extensively.

First, the countries holding colonies in Africa, or having held colonies, realize that these new countries are not capable of running themselves. Yet, starting at Suez, the U.S. Government has forced these countries into retreat and "freedom" for these people. This "freedom" is not freedom at all, but is placing the average black man under a dictatorship and forcing him to face starvation and retreat to a position of 50 years ago.

I would like to take the example of Kenya, which will obtain its so-called freedom probably this year, so that you may follow the activities as they progress. Kenya will obtain its freedom under Kenyatta, who was convicted of being the head of and creator of the Mau Mau. The Mau Mau is an organization of the Ku Klux Klan type which murdered, by the hundreds, more of its own Kikuya tribe than it did the so-called hated whites. Second in command is Tom Mboya who, by the way, has addressed our Senators and Representatives and who has been on "Meet the Press," which seems to be the criterion of importance. Although Tom Mboya is an Oxford graduate, I fear he is not thinking of the average man in Kenya any more than Kenyatta is. Both of these men advocate expropriation of all white lands in Kenya as soon as they get their freedom. The expropriation is so accepted in Kenya that ranches in the white highlands, which would bring half a million dollars, can be purchased for $20,000 or enough to get these people to Australia. The average white East African is third generation, whose grandfathers, after having settled and acquired the land legally, literally tore a living out of the country—very much as our early day settlers in the West had to work. These people today call themselves more "African" than the Africans in that they have done something for Africa and, needless to say, these whites all hate the United States. They also feel deserted by England. The reason they hate the United States is that they realize that, due to our strong financial position, we are able to force this so-called freedom on these countries.

When Mr. Mennen Williams was in Wichita, I asked him if he looked with favor on expropriation of white lands in Kenya. His answer was that there must be a redistribution of lands. Does this mean the United States condones expropriation?

Now, if expropriation was not inherently against every principle the United States should stand for, there are other reasons we should be against this. Expropriation will mean bankruptcy for these young countries. These people are entirely dependent upon outsiders. They have never been self-sustaining and will not be for a good many years. Giving them freedom will mean only national bankruptcy. The only thing that can possibly save these countries is to obtain immediate and continued outside private investments in the form of industry, etc., which can use this labor and thereby raise the living standard. Yet, apparently, condoned by the State Department, Kenyatta is going to expropriate all white lands. Now, the expropriation will momentarily help a few, but in the long pull, where is this outside investment coming from? Certainly not from me or any other conscious businessman, following an expropriation, because we have some thought of getting our money out.

Now this concerns me and every other citizen, because, down the line, as our State Department continues to "free" these countries, we will just add charity after charity to our tax rolls with no chance of these countries ever becoming self-sufficient and, more especially, the fact that the average black man will go back to slavery and starvation.

To tear down a policy is insufficient without an alternative method. The U.S. Government should, under some system, encourage and demand that these young countries not expropriate; if they need more land, let them acquire it legally and fairly and, at the same time, voice their stability in that they want outside investments and will protect the same. Thereby, these countries could become an asset to the world and in the future become self-sufficient. This approach is practical and is in effect today. In Jamaica, which is a black government, they have publicly stated they do not want American charity but, instead, American investment, and they are getting it by the millions. The same process would work in Africa.

It appears to me that America is great because of its business ability, not because of diplomacy or any other textbook approach. Business investments by Americans in Africa could save it. Yet, today an American businessman is foolish to invest outside the United States in any area, depending upon a strong American policy for protection. Cuba has created a wound that will not heal, because every businessman has lost confidence in government backing.

Recently on a TV program shown in Wichita, Kans., we saw three members of

the Peace Corps in Tanganyika sitting around in a common circle with Masai natives drinking beer out of a common container. This undoubtedly was upon instructions from the State Department to mingle to the lowest extent with these natives, because these young fellows were breaking every rule of health taught to them by their teachers, mothers and doctors. The Masai are 80 percent infected with syphilis, and have every other disease available. The pitiful part, however, is that the native did not gain respect of the American by such a procedure. You have to remember that they were raised under the British and while the British have no race prejudice, they retain their dignity and would not indulge in such a fashion and endanger their health.

What Africa needs is a practical businessman's approach to the problem. The African needs to know how to fertilize his land, how to work wood, how to cook properly and how to care for their families in health. They do not need a young college graduate who knows nothing except how to learn. The Government keeps wondering about the fellows over 60 years of age. How about asking the successful farmer in this age category to spend 2 years to teach a tribe how to raise corn?

No one in the United States, including Mrs. Roosevelt, who has never been in Africa can possibly know and realize how primitive these people are and how they must be taken care of, almost as children. I speak here of the big majority and not of the few who have had education.

I feel that I am somewhat justified in expressing the above opinions in that I have mixed with the natives, talked with the whites, and looked at the situation from a practical standpoint. I am for the African, not the one who comes to the United States seeking dictatorial powers, but the average African. I am interested to the extent that I have an African from Kenya, his wife and three children, here in the United States at my expense, going to college. I am, through my efforts, furnishing medicine for a Catholic mission at Loliondo, Tanganyika. The medical supplies to this mission have been cut off by the government since "freedom" in January. (I am not a Catholic.) To bring you up to date on what is going on in these freed countries, I attach a letter from Father Trumbull who works in Tanganyika in a mission. This letter is self-explanatory, but most important is the last page of this letter.

Sincerely,

J. A. MULL, Jr.

LOLIONDO VIA ARUSHA,
March 7, 1962.

DEAR MR. MULL: Sister Guida, who is being swept off her feet with work these days, has asked me to write this letter for her. I am the second father living in Loliondo. I am sorry that I did not get the opportunity to meet you then (not that you were in any condition to be meeting people), but I do want to take this opportunity to thank you for your very kind interest in Sister's work and our medical problems. Sister hasn't had the opportunity to answer your last letter, but believe me, it is only because of the lack of time.

She told me that you would be interested in knowing just what our problems are and what we are trying to do to help these unfortunate Masai. It is so much easier to write to someone who has seen something of our part of the world, who has seen the wretched conditions under which the Masai live. Perhaps more than anyone else, you can certainly appreciate how inadequate are the medical facilities in Masai land. I suppose it is the sign of things to come, but just in this area around Loliondo the government has closed down three native authority dispensaries in the past year. During the same period we have assumed the responsibility of the "hospital" in Loliondo itself and opened another small dispensary to cover that area abandoned by the government. We also have the materials ready to build another. Forgive me if I sound as if I am indulging in self-praise, for my feelings at the moment are anything but that—in fact I fear they are not even Christian.

Because the Masai are proud, because they have held onto their own way of life, because they refuse to imitate the white man as the other tribes are doing, they are being punished by those in position to help them. No government official would ever admit it, and perhaps many are not even conscious that they are doing next to nothing for the Masai. It is true that the Masai do not want education. They do not want to wear shoes and long trousers. They are not the least bit interested in Christianity, in any form. But they do suffer. Their children still contact pneumonia, malaria, and venereal disease. Their women and children do die in childbirth. The Masai may be scornful of most of our ways, but they do want to be helped with medicine.

I suppose some of my conferers would be shocked if I were to admit that we missionaries, who are working amongst the Masai, have come to look upon our vocation more from the material aspect than the spiritual. One doesn't have to be religious to recognize one's obligation to assist those in need. And one doesn't have to be a missionary to realize the graces to be gained in alleviating the suffering of these poor people whom I consider the "least of God's children."

Sister said that you would be interested in getting some pictures of our dispensaries. I am enclosing a couple pictures in black and white. It is quite possible that you would rather have color slides, 35 mm. If such is the case, please let me know and I shall be glad to send them on to you. If I don't send them on to you my successor will. I am due to leave for the States on May 2. Speaking of this vacation, should I beget the occasion to pass through Kansas it would give me great pleasure to say Jambo.

The pictures enclosed are self-explanatory. Two of them are of Sister Guida and patients. The other is one of her companion sisters together with two Masai murrani, warriors. I am sure you must have gotten pictures of the Masai while you were in this area. Unfortunately I don't have any in color of our dispensaries nor of the hospital here in Loliondo. Sister mentioned that you were particularly interested in these. Perhaps you will remember a small dispensary on the way out from Loliondo to the area where you were camped. We have an African dresser there. In the 3 years that it has been open, it has been responsible for saving not a few lives, not to mention untold suffering alleviated. (It has also served, although on an emergency basis, several white hunters and their clients). We have two other dispensaries in the Loliondo district, much along the same lines. We would love to build a proper hospital here in Loliondo, but that will take time and much begging. These medical facilities that we try to provide, however inadequate, are nonprofit. If it were not for the generosity of friends in the States and a medical mission society in New York we could not hope to continue assisting these people.

Few people in the States would believe how destitute so many of our people are. They would not believe that infants are born into this world under conditions which would disgust many a farmer in regards to his cattle. The infant mortality rate is extremely high. Those infants who do not die at birth have a slim chance of living through all the filthy, superstitious practices of the tribal midwives. It is not unusual to see an infant of several months whose body is covered with the numerous lacerations, most of which are horribly festered. This is the pagan, superstitious way of getting rid of evil spirits. When a child cries, or is obviously sick there is only one explanation * * * and only one cure. Several incisions are made on the child's body, normally in that spot where the child seems to be sick. Spilling the child's blood allows the evil spirits to depart. No medication is used on the wound, except perhaps some fresh cow dung. When a child is sick for a long time, you can imagine how many times his little body has been subjected to the filthy piece of metal that the Masai call a knife. This is only one practice that we hope to abolish by establishing more dispensaries, providing more medicines, and ultimately educating the Masai to the need of some basic sanitation.

I hadn't intended writing such a long letter, at least one which contains so little information. The end of the last paragraph left me very little room to thank you properly for your continued charity. I am sure Sister Guida will write as well to thank those individual people and organizations which have contributed so generously toward the support of our medical endeavors. I mentioned that the Government had closed down several dispensaries, and I mentioned that this may be a sign of things to come. "Uhuru," independence, is not the cure-all that many African politicians thought it would be. It is very convenient to close one's eyes to the fact that England or the United States has been keeping the country running with huge grants of money. It is amazing that this never seems to enter into the discussions concerning independence, especially since it is the most important factor after independence. Well, it is evident now that Tanganyika will be dependent for a long time to come upon those countries who have been footing the bill for decades.

All the various departments of Government seem to be grinding to a standstill. Some of this is due to the lack of interest on the part of Europeans in government who know that their time is up. Other snags are due to Africanization, i.e., placing unqualified Africans in jobs held by white men, just for Africanization's sake alone. And other difficulties are due to the lack of funds or the mismanagement of same. That is the case with the breakdown in the medical department. It is unfortunate for no one but the Masai. They seem to be the first to suffer when it comes to retrenching. If money or personnel are short, the Masai district is the first to get cut back. So that is our situation now. As government cuts down their services, we are trying to extend ours in order to provide for some 20,000 Masai and Sonjo. Our support, as I have mentioned, comes from friends like yourself.

Needless to say we are most grateful for such assistance. Our motive for being here, away from our homes and friends, is basically the same as that of our benefactors in the States. We realize that we have been blessed with many gifts—health, comfort, freedom and Faith. We who have so much should feel no reluctance in sharing with those who have so little. Certainly those men who guide our country recognize this obligation. Were it not for the generosity of the United States thousands of our people would have died of starvation. For the past 7 or 8 months the Masai have been receiving famine relief food from the States. Both the Protestant and Catholic Missions have been responsible for getting this invaluable assistance. Our people have been kept alive with corn flour and dried milk. I, for one, shall always feel proud of the generosity of our Government. The Communists have their day when it comes to agitating, but, aside from a very few, the African people recognize the United States as a friend in

deed and not just empty promises and slogans.

My apologies for going off on this tangent, but once again my most heartfelt thanks for your many kindnesses. Please be assured of our prayers for you and yours.

Sincerely,

FATHER TRUMBULL.

ENROLLED JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, June 5, 1962, he presented to the President of the United States the enrolled joint resolution (S.J. Res. 88) authorizing the issuance of a gold medal to Bob Hope.

ADJOURNMENT TO 11 A.M. TOMORROW

Mr. CHURCH. Mr. President, in accordance with the agreement previously entered, I move that the Senate stand in adjournment until 11 o'clock a.m. tomorrow.

The motion was agreed to; and (at 4 o'clock and 40 minutes p.m.) the Senate adjourned, in accordance with the previous order, until tomorrow, Wednesday, June 6, 1962, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate June 5, 1962:

IN THE AIR FORCE

The following persons for appointment in the Regular Air Force in the grades indicated, under section 8284 of title 10, United States Code, with a view to designation under section 8067 of title 10, United States Code, to perform the duties indicated, and with dates of rank to be prescribed by the Secretary of the Air Force:

To be major, USAF (Judge Advocate)

Maurice Y. Gibson, Jr., AO889449.

To be major, USAF (Medical)

Alvin M. Burner, AO2213912.

To be captains, USAF (Judge Advocate)

James E. Applegate, AO3104017.
Melvin G. Goodweather, AO2236159.
Anthony F. Polick, AO2096648.
Gordon E. Schleman, AO3065560.

To be captains, USAF (Medical)

Richard H. Ashby, AO3092141.
Walter C. Barnes, Jr., AO3079588.
Alvin L. Brekken, AO3078232.
Fredric F. Doppelt, AO3076773.
Marvin J. Gottschall, AO3111963.
William D. Hillis, AO3017109.
Ralph S. Metheny, Jr., AO3075178.
James E. Turns, AO3044248.

To be captains, USAF (Dental)

Gene E. Hendon, AO3088803.
George P. Torchik, AO3077775.

To be captains, USAF (Nurse)

Frances A. Beaton, AN2242614.
Mary L. Fertig, AN2242812.
Mary D. Johnson, AN2242669.
Jane Kidd, AN2214780.

To be captain, USAF (Veterinary)

Dock F. Dixon, Jr., AO2227467.

To be first lieutenants, USAF (Judge Advocate)

Thomas C. Alfsen, AO3116136.
Donald J. Dalton, AO3103706.
Merton F. Filkins, AO3117365.
John Foray, AO3103435.
James E. Lawrence, AO3118101.
Richard R. Lee, AO3060896.
Harry N. Starbranch, AO3032516.
Albert S. Tomlinson, AO781458.

To be first lieutenants, USAF (Medical)

Robert M. Chapman, AO3089262.
David G. Dibbell, AO3050708.
Otis W. Jones, AO3091143.
Richard M. Ragsdale, AO3111634.
Arcadio V. Ramirez, AO3111698.

To be first lieutenant, USAF (Dental)

William A. Welker, AO3089307.

To be first lieutenants, USAF (Medical Service)

Ronald E. Cornelius, AO3089885.
William B. Moyer, AO3091233.

To be first lieutenants, USAF (Nurse)

Charles R. Condon, AN3075884.
Mary C. Covino, AN3077276.
Joseph A. Furfure, AN3044714.
Laura E. Godfrey, AN3091942.
William P. Hansen, AN3075957.
Richard O. McEwen, Sr., AN3046087.
Donald S. Moyer, AO3044747.
Olga G. Rocha, AN3089726.
Joseph J. Sorge, AN3110310.
Herbert T. Watson, AN3044624.
Cynthia R. Youtzy, AN3076301.

To be first lieutenant, USAF (Veterinary)

Alan E. Schwichtenberg, AO3111766.

To be second lieutenant, USAF (Nurse)

Marie E. Anderson, AN3112337.

The following persons for appointment in the Regular Air Force, in the grades indicated, under the provisions of section 8284, title 10, United States Code, with dates of rank to be determined by the Secretary of the Air Force:

To be majors

James D. Anderson, AO855449.
James M. Bernsen, AO695129.
Graham M. Carter, AO816993.
Ralph D. Crago, AO2076880.
Earle V. Flagg, AO821472.
Arthur C. Harris, AO670732.
Richard D. Kepner, AO588892.
Herman A. Perkins, AO829545.
William K. Rogers, AO2070873.
Lenton D. Roller, AO1641739.
Solomon H. Smith, AO937651.
John E. Wright, AO728147.

To be captains

Allan J. Abedor, AO2211225.
Clarence R. Anderson, AO875527.
Shelton J. Anthony, Jr., AO830941.
Franklin H. Austin, Jr., AO2209703.
Charles W. Bainum, AO2209651.
Elmer T. Brooks, AO3031382.
Delano R. Bryan, AO2211896.
William E. Carmel, AO2072643.
William Y. Cole, AO687929.
Thomas P. Davis, Jr., AO823036.
Billy G. Doty, AO2209942.
Wilfred E. Evans, AO3045775.
Nelson D. Flack, Jr., AO736172.
Bryan A. Flatt, AO666266.
Donald G. Freeman, AO3026906.
Andy L. Haywood, AO2211970.
Thomas M. James, AO3026460.
Douglas C. Otto, AO3040030.
James E. Reid, AO2211770.
Philip J. Riede, AO3026743.
Leopoldo V. Rodriguez, AO664661.
Archibald P. Samuels, AO739509.
Robert W. Schoenecker, AO3040575.
Bruce D. Strotman, AO2211826.
Lauren B. Wahlquist, AO2211549.
Francis A. Waterhouse, AO819363.
William H. Wert, Jr., AO927672.
John H. Wood, AO3019526.

To be first lieutenants

Thomas R. Adams, AO3071179.
Emmett E. Allen, Jr., AO3101360.
John R. Allen, Jr., AO3082340.
Ronald A. Anders, AO3095087.
Ronald M. Anderson, AO3101373.
Howard J. Andres, AO3094743.
Demetrios A. Armenakis, AO3094216.
Billy T. Bailey, AO3086163.
Billy G. Barham, AO3094833.
Albert M. Bassett, AO3086063.
Kenneth B. Beaird, AO3094207.
Richard F. Beattie, AO3082454.
Charles R. Beck, AO3095306.
Robert B. Benbough, AO3094951.
Darrell G. Bittle, AO3095065.
Robert A. Bivens, AO3094893.
Thomas M. Bohan, AO3082421.
Denver H. Bowman, AO3095200.
Lawrence G. Breyfogle, AO3095123.
Darrel R. Brown, AO3086704.
Chester C. Buckenmaier, Jr., AO3086712.
Joe L. Byrd, AO3095258.
Kenneth M. Carnahan, AO3102103.
Stanley B. Clack, AO3101436.
Daniel G. Dailey, AO3094806.
Gerald W. Dart, AO3094943.
Norman R. Davison, AO3086615.
Gary N. Deivert, AO3101361.
Edwin B. Denny, AO3095303.
Don Deritis, AO3094864.
John P. Donnelly, AO3082298.
Richard H. Dorwaldt, AO3094543.
Charles L. Dougherty, AO3085738.
Robert P. Dove, AO3095139.
Francis D. Driscoll, AO3074007.
Billy J. Dunnington, AO3101453.
William D. Dupee, AO3094873.
Robert Duyck, AO3095188.
Thomas G. Ebbert, AO3086507.
Joseph F. Elefritz, AO3094013.
Lewis B. Epps, AO3094214.
Olin K. Everett, AO3085571.
Kenneth Fisher, AO3087303.
Richard J. Ford, AO3086580.
William E. Gerber, AO3094904.
Dennis L. Gibson, AO3095145.
Benjamin F. Greer III, AO3095110.
Cal E. Greer, AO3095295.
Joseph E. Griffin, AO3094698.
William R. Gruetter, AO3095111.
James R. Guglietti, Jr., AO3093722.
Hanns Hagen, AO3093464.
Vince Halterlein, AO3095191.
Donald V. Harnage, AO3095173.
Joe R. Harris, AO3095206.
Richard A. Hesslink, AO3095163.
James R. Hickey, AO3101393.
Gene R. Hollrah, AO3095174.
William E. Horsey, AO3086554.
Jimmy L. Hull, AO3101220.
John P. Husong, AO3082464.
John R. Ingamells, AO3093276.
Richard A. Ionata, AO3082326.
Robert J. Jacobson, AO3101227.
Jerome R. Jarcy, AO3095253.
Richard L. Jobe, AO3094824.
Odell M. Johnson, AO3101231.
Thomas A. Johnson, AO3085688.
Thomas E. Johnson, AO3094820.
Joseph E. Jurjevich, AO3085704.
Edmund T. Kane, AO3082406.
William J. Kendrick, AO3093195.
John H. Kirk, AO3082422.
Galen H. Kirkland, AO3054674.
William H. Kittles, Jr., AO3101271.
Donald E. Knutson, AO3095165.
John S. Kubin, AO3095208.
Loren J. Kuester, AO3093725.
Richard M. Lade, AO3101343.
Roy R. Laferriere, AO3086879.
Theodore O. LaJeunesse, AO3094107.
Gerald D. Larson, AO3095170.
David R. Lee, AO3094762.
Roland E. Lee, AO3082370.
Robert C. Lenn, AO3087014.
John F. Lewis, AO3086097.
Clarence H. Lindsey, Jr., AO3094432.
Abraham M. Low, AO3081986.
Teddy R. Lowe, AO3094916.
Bradley D. Lucas, AO3095275.
William E. Lueckert, AO3087050.
Edward K. Lyons, AO3095301.
Everet A. Lyons III, AO3101314.
Lawrence B. MacArthur, AO3082431.
Charles W. Mathews, AO3082356.
Lloyd P. Mathis, AO3101294.
Charles K. McKnight, AO3086536.

FOREIGN AID

Committee on Foreign Affairs: Met in executive session and ordered reported favorably to the House the following bills:

H.R. 11921, the Foreign Assistance Act of 1962; and

H.R. 11880, to amend the Foreign Service Buildings Act, 1926, to authorize additional appropriations.

WEIGHTS—MEASURES

Committee on Government Operations: Subcommittee on Intergovernmental Relations held a hearing on regulation of weights and measures. Heard testmony from Malcolm W. Jensen, Office of Weights and Measures, National Bureau of Standards, Department of Commerce; and State and local officials responsible for weights and measures regulations. Hearings continue Wednesday, June 6.

MINING

Committee on Interior and Insular Affairs: Subcommittee on Mines and Mining, in executive session, ordered reported favorably to the full committee H.R. 7364 (amended), to provide for the conveyance of certain mineral interests of the U.S. in property in South Carolina to the record owners of the surface of the property; H.R. 9280 (amended), to amend section 2 of the Materials Act; H.R. 11049 (amended), to provide for the relief of certain oil and gas lessees under the Mineral Leasing Act (H.R. 10732, an identical bill, was reported to the full committee for proper action); and H.R. 10540 (amended), to exclude deposits of petrified wood from appropriation under the U.S. mining laws.

GAMBLING DEVICES

Committee on Interstate and Foreign Commerce: Met in executive session and ordered reported favorably to the House S. 1658 (amended), prohibiting the transportation of gambling devices in interstate and foreign commerce. The committee will continue, in executive session, Wednesday, June 6.

JUDICIAL MISCELLANY

Committee on the Judiciary: Met in executive session and ordered favorably reported to the House the following bills:

H.R. 11793, to provide criminal penalties for trafficking in phonograph records bearing forged or counterfeit labels;

H.R. 10966, to fix the fees payable to the Patent Office;

H.R. 11017, to increase from $30 to $100 the amount of gratuity which may be furnished by the Attorney General to prisoners discharged from imprisonment or released on parole;

H.R. 11711, to incorporate Science Service, Inc., for the purposes indicated by Public Law 85–875; and

Several private claim and private immigration bills.

The committee rescinded previous action on H.J. Res. 688 and ordered favorably reported to the House in lieu thereof S.J. Res. 68 (amended), to provide for the designation of the week commencing October 1, 1962, as "National Public Works Week." Rereferred to Subcommittee No. 4 H.R. 5341, regarding additional benefits for referees in bankruptcy. Tabled H.R. 6497, to amend the venue requirements in suits to recover for frauds committed against the U.S.

FEDERAL PAY RAISE

Committee on Post Office and Civil Service: Continued hearings on the Federal employees' pay increase, and heard testimony from public witnesses. Hearings continue Thursday, June 7.

COASTWISE TRADE

Committee on Merchant Marine and Fisheries: Heard testimony from Representative Rivers of Alaska; a departmental witness; and public witnesses on H.R. 11126, to authorize admittance of the vessel *City of New Orleans* to American registry, and permit use of such vessel in coastwise trade. Hearings continue Wednesday, June 6.

TAX RATE EXTENSION ACT

Committee on Rules: Granted a closed rule, waiving points of order, with 3 hours of debate, on H.R. 11879, the Tax Rate Extension Act of 1962.

GENERAL FARM BILL

Committee on Rules: Considered granting a rule on H.R. 11222, the general farm bill. No final action was taken, and the committee will continue on this measure Wednesday, June 6.

COMMUNIST ACTIVITIES

Committee on Un-American Activities: Continued hearings on Communist conspiratorial techniques and propaganda used in implementing Communist Party directives within the U.S., and the structure, objectives, and activities of the Communist Party in the Cleveland, Ohio, area. Heard testimony from public witnesses. Hearings continue Wednesday, June 6.

DEBT CEILING

Committee on Ways and Means: Met in executive session and ordered the chairman to introduce a bill in the House, H.R. 11990, regarding a temporary increase in the public debt ceiling for the fiscal year 1963.

Joint Committee Meetings

RADIATION STANDARDS

Joint Committee on Atomic Energy: Subcommittee on Research, Development, and Radiation continued its

series of hearings on radiation standards, including fallout, receiving testimony from Dr. Lester Machta, Meteorological Research Projects Branch, U.S. Weather Bureau; Dr. Cyril L. Comar, department of physical biology, Cornell University; Dr. Donald Chadwick and Dr. James Terrill, both of the Division of Radiological Health, Public Health Service; Dr. Wright Langham, Biomedical Research, Los Alamos Scientific Laboratory; Dr. Irving Michelson, Consumers Union of the United States, Inc., New York; Dr. Paul C. Tompkins, Office of Radiation Standards, AEC; and the following panel participants: Dr. Machta; Dr. Gordon Dunning, AEC; Dr. William Otting, Jr., Defense Atomic Support Agency; Dr. Comar; Dr. Terrill; Dr. Langham; Dr. William Neumann, University of Rochester; Dr. E. A. Martell, Cambridge Air Force Research Center; and Dr. Walter Selove, University of Pennsylvania.

Hearings continue tomorrow.

COMMITTEE MEETINGS FOR WEDNESDAY, JUNE 6

(*All meetings are open unless otherwise designated*)

Senate

Committee on Agriculture and Forestry, executive, on committee business, 10 a.m., 324 Old Senate Office Building.

Committee on Armed Services, Subcommittee on the National Stockpile, to receive testimony on stockpiling contracts for molybdenum and synthetic cryolite, 10 a.m., 235 Old Senate Office Building.

Military Construction Subcommittee, executive, to mark up S. 2841, fiscal 1963 authorizations for military construction, 2 p.m., 212 Old Senate Office Building.

Committee on Banking and Currency, to continue hearings on S. 3203, to extend the Defense Production Act of 1950, 10 a.m., 5302 New Senate Office Building.

Committee on Commerce, Surface Transportation Subcommittee, executive, on S. 2560, to strengthen the national transportation system, and S. 2764, relating to unlawful operations by motor carriers, 11 a.m., 5112 New Senate Office Building.

Committee on the District of Columbia, Business and Commerce Subcommittee, on several pending bills (S. 2977, 3063, 3350, and 3359), 10:30 a.m., 6226 New Senate Office Building.

Committee on Finance, executive, on H.R. 10606, public welfare amendments, 10 a.m., 2221 New Senate Office Building.

Committee on Foreign Relations, executive, to hear Ambassador Galbraith on the situation in India, 10:30 a.m., room F–53, Capitol.

Committee on the Judiciary, executive, on committee business, 10:30 a.m., 2300 New Senate Office Building.

House

Committee on Agriculture, executive, on sugar legislation, 10 a.m., 1310 New House Office Building.

Committee on Appropriations, Subcommittee on Military Construction, executive, 10 a.m., 218 Old House Office Building.

Committee on Armed Services, Subcommittee on Defense Agencies, executive, 10 a.m., 313–A Old House Office Building.

Committee on the District of Columbia, special subcommittee, re D.C. traffic problems, 10 a.m., 445–A Old House Office Building.

Committee on Education and Labor, General Subcommittee on Education, executive, on aged and aging legislation, 10 a.m., 428 Old House Office Building.

Special Subcommittee on Labor, on administration of the Davis-Bacon Act, 10 a.m., 429 Old House Office Building.

Committee on Foreign Affairs, executive, on a draft report on the Foreign Assistance Act of 1962, 10 a.m., G–3 U.S. Capitol Building.

Committee on Government Operations, Subcommittee on Intergovernmental relations, on regulation of weights and measures, 10 a.m., 100–B George Washington Inn.

Committee on Interior and Insular Affairs, on pending legislation, 9:45 a.m., 1324 New House Office Building.

Committee on Interstate and Foreign Commerce, executive, on pending legislation, 10 a.m., 1334 New House Office Building.

Committee on the Judiciary, Subcommittee No. 2, on private claim bills, 10 a.m., 327 Old House Office Building.

Committee on Merchant Marine and Fisheries, on H.R. 11126, re the vessel *City of New Orleans,* 10 a.m., 219 Old House Office Building.

Committee on Post Office and Civil Service, Subcommittee on H.R. 3258, and related bills, re service in Federal-State cooperative programs in a State, 10 a.m., 215 Old House Office Building.

Committee on Rules, on a request for a rule on H.R. 11222, the general farm bill, 10:30 a.m., G–12 U.S. Capitol Building.

Committee on Science and Astronautics, on H.R. 11561, re Bureau of Standards research, 10 a.m., 214–B New House Office Building.

Committee on Un-American Activities, on Communist activities, 10 a.m., caucus room, Old House Office Building.

Committee on Ways and Means, on extension of the Renegotiation Act; and H.R. 11990, re public debt limit, 10 a.m., committee room, New House Office Building.

Joint Committee

Joint Committee on Atomic Energy, Subcommittee on Research, Development, and Radiation, on radiation standards, including fallout, 2 p.m., room AE–1, Capitol.

Congressional Record

The public proceedings of each House of Congress, as reported by the Official Reporters thereof, are printed pursuant to directions of the Joint Committee on Printing as authorized by appropriate provisions of Title 44, United States Code, and published for each day that one or both Houses are in session, excepting very infrequent instances when two or more unusually small consecutive issues are printed at one time. ¶ The Congressional Record will be furnished by mail to subscribers, free of postage, for $1.50 per month, payable in advance. Remit check or money order, made payable to the Superintendent of Documents, directly to the Government Printing Office, Washington 25, D. C. For subscription purposes, 20 daily issues constitute a month. The charge for individual copies varies in proportion to the size of the issue. ¶ Following each session of Congress, the daily Congressional Record is revised, printed, permanently bound and is sold by the Superintendent of Documents in individual parts or by sets. ¶ With the exception of copyrighted articles, there are no restrictions on the republication of material from the Congressional Record.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For information only; should not be quoted or cited)

Issued June 7, 1962
For actions of June 6, 1962
87th-2d, No. 91

CONTENTS

Automation.....22
Appropriations.....13,18
Conservation reserve....13
Cooperatives.....13
Dairy.....13
Electrification.....21
Export control.....17
Farm program.....1,25
Forestry.....13,15,29
Foreign aid.....12
Foreign trade.....17
Hay.....13
Honeybees.....13
Lands.....13,29
Mining.....29
National parks.....16
Personnel.....11,27
Poultry.....13
Public debt.....4
Public Law 480.....12,26
Purchasing.....7
Reclamation.....10
Research.....24
Retirement.....27
School lunch.....2
Soviet agriculture.....14
Sugar.....28
Surplus food.....8,26
Taxation.....5
Textiles.....3
Transportation.....9,20
User charges.....6
Water conservation.....24
Water resources.....19
Wilderness.....23

HIGHLIGHTS: House Rules Committee cleared farm bill. House passed school lunch fund apportionment bill. Senate debated foreign aid bill. Senate committee voted to report bill to permit harvesting hay on conservation reserve acreage.

HOUSE

1. FARM PROGRAM. The "Daily Digest" states that the Rules Committee "Granted an open rule, with 6 hours of debate, waiving points of order against the bill and committee amendments as they pertain to P. L. 480, on H. R. 11222, the general farm bill." p. D440

Rep. Andersen, Minn., defended his role in the Estes case, saying, "H. Carl Andersen has never done anything wrong in connection with the Estes affairs. My conscience is clear." pp. 9062-6

Rep. Beermann charged that "the Democrats are engaged in a desperate attempt to shift the blame for the Billie Sol Estes scandals from the administration to the Republicans and to business." He further said, "I predict many more Billie Sol Estes scandals if the administration's farm bill is enacted." p. 9096

2. SCHOOL LUNCH PROGRAM. By a vote of 370 to 11, passed with amendments H. R. 11665, to revise the formula for apportioning cash assistance funds among the States under the National School Lunch Act. pp. 9061, 9066-8

3. TEXTILES. Several Representatives discussed the problems of the domestic textile industry, especially the effect of foreign competition on the industry. pp. 9089-91, 9093-5

4. PUBLIC DEBT. The "Daily Digest" states that the Ways and Means Committee "Met in executi session and ordered reported favorably to the House H. R. 11990, to provide fo a temporary increase in the public debt limit set forth in section 21 of the Second Liberty Bond Act" (p. D440). The Committee was granted until midnight Thurs., June 7, to file a report on this bill (p. 9061).

5. TAXATION. Passed without amendment H. R. 11879, to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates. pp. 9068-80

6. USER CHARGES. Received from the Budget Bureau a report of the activity in the executive branch during fiscal year 1961 to further the Government's user charges policy; to Appropriations Committee (June 4).

7. PURCHASING. Rep. Halpern discussed H. R. 10946, to amend the prevailing wage section of the Davis-Bacon Act, as amended, and supported this proposed legislation. pp. 9097-8

8. SURPLUS FOOD. Received from GAO a report on the review of the Administration of the public assistance programs and the surplus food distribution program, Department of Public Welfare, District of Columbia government. p. 9098

9. TRANSPORTATION. The Interstate and Foreign Commerce Committee reported without amendment H. R. 11643, to amend sections 216(c) and 305(b) of the Interstate Commerce Act, relating to the establishment of through routes and joint rates (H. Rept. 1769). p. 9098

10. RECLAMATION. The Interior and Insular Affairs Committee voted to report with amendments (but did not actually report) H. R. 575, to authorize the Secretary of the Interior to construct, operate, and maintain the upper division of the Baker Federal reclamation project, Oregon. p. D440

11. PERSONNEL. The "Daily Digest" states that the Rules Committee "Granted an open rule, with 1 hour of debate, on H. R. 11677, to prohibit discrimination on account of sex in the payment of wages by certain employers." p. D440

SENATE

12. FOREIGN AID. Continued debate on S. 2996, the proposed Foreign Assistance Act of 1962. pp. 9117, 9121-27, 9132-55

Agreed to an amendment by Sen. Lausche, 57 to 24, in the nature of a substitute for an amendment by Sen. Proxmire, to provide that no assistance shall be furnished under this Act and no commodities may be sold or given under Public Law 480 to any country known to be dominated by communism or Marxism. The Proxmire amendment as amended by the Lausche amendment was then agreed to by a voice vote. pp. 9117, 9121-27, 9132-42

Agreed to a unanimous consent agreement limiting debate on any amendment to two hours and limiting debate on final passage of the bill to four hours. pp. 9125-6

Sens. Gruening, Hickenlooper, Cotton, Cooper, and Capehart submitted amendments intended to be proposed to this bill. p. 9107

Sen. Pell inserted a chart on U. S. economic assistance to Latin America showing obligations and loan authorizations from July 1, 1961, to April 30, 1962. pp. 9114-5

13. THE AGRICULTURE AND FORESTRY COMMITTEE voted to report (but did not actually report) the following bills: pp. D437-8

H. R. 8434, to authorize the Secretary of Agriculture to sell and convey a parcel of forest land to the city of Mount Shasta, Calif.

H. R. 9736, to permit States which have been cooperating with the Federal Government in the production of forest tree seedlings for planting on conservation reserve land to continue to use for related programs the facilities, equipment, etc., provided cooperatively by the Federal Government for the production of such seedlings.

S. 3064, with amendment, to authorize additional appropriations annually to keep the national survey of forest resources current.

H. R. 10374, to amend Sec. 6 of the Agricultural Marketing Act of 1929 so as to reduce the revolving fund available for subscriptions to capital stock of the banks for cooperatives.

H. R. 4083, to reduce the frequency of reports required of the Veterans' Administration on the use of surplus dairy products.

S. 3062, to amend the Soil Bank Act so as to authorize the Secretary of Agriculture to permit the harvesting of hay on conservation reserve acreage to alleviate hardship from natural disaster.

H. R. 4939, to provide for the conveyance by the Farmers Home Administration of all right, title, and interest of the U. S. in a tract of land in Jasper County, Ga., to the Jasper County Board of Education.

H. R. 7866, to extend the Poultry Products Inspection Act to Puerto Rico and the Virgin Islands.

H. R. 8050, to prohibit the importation of all honeybees of the genus Apis in the adult stage except for research purposes by this Department as the Secretary shall determine.

14. SOVIET AGRICULTURE. Sen. Hruska inserted a condensation of an analysis prepared in this Department on the problems of Soviet Agriculture. pp. 9112-3

15. FORESTRY. Sen. Gruening discussed problems of the lumber industry in Alaska, urged relief for the industry pending completion of a study of the problem, and inserted a telegram he received from the president of the Alaska Lumbermen's Association on the matter. pp. 9129-30

16. NATIONAL PARKS. Sen. Moss urged adoption of a policy of multiple use management for the national parks, stating that he was convinced "that only when we permit limited secondary use of the lands within the national parks and seashores ... can we expand our park system to the extent necessary to meet our growing needs for outdoor recreation." Sens. Metcalf and Yarborough commended his statement. pp. 9130-2

17. EXPORT CONTROL. Received from Commerce the quarterly report on export control. p. 9102.

18. APPROPRIATIONS. Sen. Williams, Del., for himself and Sen. Lausche, submitted an amendment intended to be proposed to H. R. 10802, the Department of the Interior and related agencies appropriation bill for 1963. p. 9107

19. WATER RESOURCES. Received from the Corps of Engineers, Department of the Army, a report on the Chowchilla River Basin, Calif. p. 9107

ITEMS IN APPENDIX

20. TRANSPORTATION. Extension of remarks of Rep. Van Zandt inserting an article, "Washington Reports -- J. F. K.'s Transportation Proposals Meet Rail Approval." pp. A4149-50
Extension of remarks of Rep. Van Zandt inserting his article, "A Call For United Rail Action." pp. A4164-5

21. ELECTRIFICATION. Extension of remarks of Sen. Hruska inserting several prize-winning essays on the value or rural electrification. pp. A4153-4

22. AUTOMATION. Extension of remarks of Rep. Brademas inserting a report of the 21st American Assembly, "The Challenge and the Promise of Technology." pp. A4162-4

23. WILDERNESS. Extension of remarks of Rep. Saylor urging the passage of the proposed Wilderness Act and inserting an article, "Outdoor Recreation Review." pp. 4132-4

24. CONSERVATION; RESEARCH. Extension of remarks of Rep. Thomson, Wis., inserting a resolution of the Wisconsin Association of Soil and Water Conservation District Supervisors supporting soil and water conservation research programs. p. A4137

25. FARM PROGRAM. Extension of remarks of Rep. Goodling criticizing the decrease in family farms and inserting an article criticizing the farm program, "Our Agricultural Failure." p. A4138

26. SURPLUS COMMODITIES. Extension of remarks of Rep. Kelly commending and summarizing briefly the main provisions of Public Law 480 and the extent of the food-for-peace programs. pp. A4147-9

BILLS INTRODUCED

27. PERSONNEL. H. R. 12033, by Rep. Merrow, to amend the Civil Service Retirement Act to provide for the adjustment of inequities; to Post Office and Civil Service Committee.
H. R. 12040, by Rep. Murray, to define the term "child" for lump-sum payment purposes under the Civil Service Retirement Act; to Post Office and Civil Service Committee.

28. SUGAR. H. R. 12034, by Rep. Nelsen, to amend section 408 of the Sugar Act of 1948, as amended; to Agriculture Committee.

29. FORESTS. S. 3379, by Sen. Williams, Del., relating to mining claims on lands within the national forests; to Interior and Insular Affairs Committee. Remarks of author. pp. 9104-5

000

be done on the congressional level for the 1962 campaign with fairness to the minor party candidates and by giving the people the kind of debate between major candidates to which they are entitled.

The ACTING PRESIDENT pro tempore. The joint resolution will be received and appropriately referred.

The joint resolution (S.J. Res. 196) to amend section 315(a) of the Federal Communications Act of 1934, introduced by Mr. JAVITS, was received, read twice by its title, and referred to the Committee on Commerce.

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATION BILL, 1963—AMENDMENT

Mr. WILLIAMS of Delaware (for himself and Mr. LAUSCHE) submitted an amendment, intended to be proposed by them, jointly, to the bill (H.R. 10802) making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1963, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961—AMENDMENTS

Mr. GRUENING submitted an amendment, intended to be proposed by him, to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. HICKENLOOPER (for himself and Mr. LAUSCHE) submitted an amendment, intended to be proposed by them, jointly, to Senate bill 2996, supra, which was ordered to lie on the table and to be printed.

Mr. COTTON submitted an amendment, intended to be proposed by him, to Senate bill 2996, supra, which was ordered to lie on the table and to be printed.

Mr. COOPER submitted amendments, intended to be proposed by him, to Senate bill 2996, supra, which were ordered to lie on the table and to be printed.

Mr. CAPEHART submitted amendments, intended to be proposed by him, to Senate bill 2996, supra, which were ordered to lie on the table and to be printed.

PRINTING OF REVIEW OF REPORTS ON CHOWCHILLA RIVER BASIN, CALIF. (S. DOC. NO. 98)

Mr. CHAVEZ. Mr. President, I present a letter from the Secretary of the Army, transmitting a report dated January 17, 1962, from the Chief of Engineers, Department of the Army, together with accompanying papers and an illustration, on a review of the reports on the Chowchilla River Basin, Calif., requested by a resolution of the Committee on Public Works, U.S. Senate. I ask unanimous consent that the report be printed as a Senate document, with an illustration, and referred to the Committee on Public Works.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ESTABLISHMENT OF CAPITOL HILL NATIONAL HISTORICAL PARK—ADDITIONAL COSPONSOR OF BILL

Mr. McCARTHY. Mr. President, I ask unanimous consent that the name of the junior Senator from California [Mr. ENGLE] be added as a cosponsor of the bill (S. 3180) to establish the Capitol Hill National Historical Park and to provide for the protection and preservation of its historic character, dignity, and environment.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

NOTICE OF HEARING ON NOMINATION OF BEN C. GREEN, TO BE U.S. DISTRICT JUDGE, NORTHERN DISTRICT OF OHIO

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Friday, June 15, 1962, at 10:30 a.m., in room 2228, New Senate Office Building, on the nomination of Ben C. Green, of Ohio, to be U.S. district judge, northern district of Ohio.

At the indicated time and place persons interested in the hearing may make such representations as may be pertinent.

The subcommittee consists of the Senator from South Carolina [Mr. JOHNSTON], the Senator from Nebraska [Mr. HRUSKA], and myself, as chairman.

NOTICE OF HEARING ON NOMINATION OF JOHN D. BUTZNER, JR., TO BE U.S. DISTRICT JUDGE, EASTERN DISTRICT OF VIRGINIA

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Wednesday, June 13, 1962, at 10:30 a.m., in room 2228 New Senate Office Building, on the nomination of John D. Butzner, Jr,. of Virginia, to be U.S. district judge, eastern district of Virginia, vice Albert V. Bryan, elevated.

At the indicated time and place persons interested in the hearing may make such representations as may be pertinent.

The subcommittee consists of the Senator from South Carolina [Mr. JOHNSTON], the Senator from Nebraska [Mr. HRUSKA], and myself, as chairman.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, June 6, 1962, he presented to the President of the United States the following enrolled bills:

S. 315. An act for the relief of Dr. Ting-Wa Wong;

S. 1962. An act for the relief of Kenneth David Wooden;

S. 2011. An act for the relief of Antonia Longfield-Smith; and

S. 2099. An act for the relief of Tina Jane Beland.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. HAYDEN:

Editorial entitled "Senator Henry Fountain Ashurst," written by William R. Mathews, editor of the Arizona Daily Star, and published in the June 3, 1962, edition of that newspaper.

By Mr. THURMOND:

Editorial entitled "Business Take Courage," published in the Charleston (S.C.) News & Courier of May 31, 1962.

By Mr. WILEY:

Editorial entitled "In the Soviet Barnyard," published in the New York Times on June 4, 1962.

By Mr. YARBOROUGH:

Article entitled "Former Chief Justice John E. Hickman Dies," published in the Texas Bar Journal, issue of May 1962.

By Mr. MUNDT:

Article entitled "The Indians Are Coming!" written by Robert Savage and published in a recent edition of the Extension magazine of Chicago.

Column entitled "A Good Resolution," written by Lyle C. Wilson, published in the Washington, D.C. Daily News of June 6, 1962.

By Mr. HRUSKA:

Sundry essays on the subject of the value of rural electrification in the home community, entered in an essay contest sponsored by the Nebraska Rural Electric Association.

By Mr. DOUGLAS:

Transcript of broadcast of Edward P. Morgan on May 16, 1962.

JUSTICE SUSIE SHARP, NORTH CAROLINA'S FIRST WOMAN ASSOCIATE JUSTICE

Mr. ERVIN. Mr. President, the announcement of another North Carolina "first" came recently when Gov. Terry Sanford appointed, for the first time, a woman as associate justice of the North Carolina Supreme Court.

It is with a deep sense of pride and happiness that I can say that my distinguished friend, Miss Justice Susie Marshall Sharp, of Reidsville, is the new appointee. Miss Justice Sharp has a long line of notable achievements that started as the daughter of the prominent Reidsville, N.C., attorney and dean of the Rockingham County, N.C., bar, James Madison Sharp. After her student days at the University of North Carolina, where she served as editor of the North Carolina Law Review, Miss Sharp has gone on to receive acclaim and several firsts in North Carolina history. Notable among these was her apopintment as city attorney for Reidsville. She was the first woman to hold that post in any North Carolina city. Judge Sharp served in that capacity for 10 years. In 1949, our late colleague, W. Kerr Scott, who, at that time, was Governor of North Carolina, named her to the bench of the State superior court, where she served

outstandingly. I should like to share with my colleagues in the Senate several newspaper articles. One of them appeared in the March 11, 1962, edition of the Greensboro Daily News. Two other items are from the Charlotte Observer; one is a news article published on March 10; the other is an editorial published on March 11. I ask unanimous consent that these articles and the editorial be printed at this point in the RECORD.

There being no objection, the articles and the editorial were ordered to be printed in the RECORD, as follows:

[From the Greensboro Daily News, Mar. 11, 1962]

No. 7 Is Significant in Miss Susie's Life

(By W. C. Burton)

REIDSVILLE, March 10.—Susie Sharp of Reidsville, was the first of seven children born to her parents and she was born on the 7th day of the 7th month of the 7th year of this century. "If you are a mystic," she says, "that may mean something."

Perhaps it does. She was destined to make history on at least two levels of her chosen field, the law. She was North Carolina's first—and still only—woman named to the State's superior court bench.

On Friday afternoon she became the first woman ever named to the North Carolina State Supreme Court. The appointment was made by Governor Sanford upon the resignation of the chief justice resulting in a step-up of the other members and a vacancy to fill.

Junior Justice Sharp does not yet know when the term of her appointment expires. When it does she will be, as the ballot box term has it, "up for election."

Few women have ever achieved such an office. Judge Florence Allen, named in 1922 to Ohio's Supreme Court, later a Federal judge, and now retired, was a pioneer. Research (admittedly limited in time and source material) has produced only one other, Justice Anne X. Alpern of Pennsylvania Supreme Court, who was named to the position last August.

Women all over North Carolina, and the Nation, probably were set up over the appointment. Her wonderful mother was, of course, as proud as could be, though she proceeded in her unruffled fashion to answer the constantly jangling telephone at the Sharp home, 629 Lindsey Street, and to go about getting supper.

Calls and telegrams of congratulations poured in, and Justice Sharp was rushing to make a dinner engagement. Reporters interrupted her to ask innumerable questions over the long-distance wire, and I waited for a brief interval in which to snap some new pictures. "You'll probably be glad when things settle down a little," I said. But, "Judge Susie" said, "No, this is the exciting part of it; this is all fun."

LIKES HER WORK

She admits she likes being a judge. It carries with it a considerable and ever-present burden of responsibility, but, she says, "The work is interesting; I meet and work with interesting people all over the State." With her record and standing in her profession, she should have no trouble remaining a justice.

She has tried to follow the advice given her by her late father, and one-time law partner. On the morning she left the house to open her first term of superior court, back in 1949, her father called to her from the porch. "Judge Susie" feels her father knew she needed brief and direct encouragement at that point, particularly toward keeping a firm hand and an orderly court. "Plow a straight furrow," called the father of the fledgling judge, "and remember, you're the boss."

Susie Marshall Sharp was born in Rocky Mount, in Nash County, where her parents were temporarily situated. They soon came back to Rockingham, and her father began his law practice in Stoneville. They then moved to Madison, and soon to Reidsville, where they remained.

FATHER MADISON DEAN OF BAR

Her father, James Marshall Sharp, was for years dean of the Rockingham County bar. He died in 1952, at the page of 75. Her mother was the former Annie Blackwell, of Vance County. One of Mrs. Sharp's uncles, A. R. Wortham, was a lawyer in Henderson.

When Susie entered the Reidsville public schools she enrolled in the second grade, taught by Miss Dora Coates. Like all former pupils of this gentle educator, now retired, Susie remembers her as an inspired teacher.

Susie was graduated from Reidsville High School in 1924 as salutatorian of her class. The classmate who was valedictorian by a fraction (records had to be traced back to the sixth grade to settle the title) was Dillard S. Gardner. Later they were classmates in the law school of the University of North Carolina. Now they will be closely associated again for Gardner is now research librarian of the North Carolina Supreme Court.

Incidentally class salutatorian is almost a traditional title in the Sharp family. Of the seven children, four achieved this title in Reidsville High School. The others were Annie Hill (now Mrs. Fred Klenner of Reidsville), Louise, who is Lt. Comdr. Louise W. Sharp, U.S. Navy Nurse Corps now stationed at a Marine hospital at Cherry Point, and Tommy, Thomas A. Sharp, now of Rowayton, Conn., director of general services for Remington-Rand Univac division of Sperry Rand Corp. at South Norwalk.

"Sally, Florence and 'Kits' had more important things to think about," says Susie. The fact is all the Sharp children could be honestly called "bright as buttons." Sally was Mrs. L. A. Taylor of Poplar Bluff, Mo., where she died in 1953. (Her husband died a few years later and their two sons live in Reidsville with their grandmother and Aunt Susie. Lawrence A. Taylor is a third-year medical student at the University of North Carolina. James M. Taylor is a freshman at the university.) Florence is now Mrs. R. W. Newsom of Oldtown and a teacher in Forsyth's Northwest High School. "Kits" is now Dr. James Vance Sharp, a surgeon in Reidsville.

MOVED TOWARD LAW

In high school Susie went out for the triangular debates and this is what moved her toward the law. She was an excellent debater. Her father was a lawyer. So people said to Susie, "You ought to be a lawyer." "After a while," says Susie, "I just went along with it."

High school debating also introduced her to a man who has remained her close friend and colleague. Miss Mary Wilson Brown, a Caswell native and an English teacher in Reidsville High School, was put in charge of the debating teams. She called on a Caswell cousin, newly come to town to practice law, for help in coaching the teams. This was Allen H. Gwyn, now a veteran superior court judge. Of their early coach-student relationship, Justice Sharp says, "He praised me to the skies and I worked like a dog." Obviously the method was effective.

Two high school teachers are remembered gratefully by the new justice as having helped along the way. They were Miss Janie Stacy, now Mrs. J. Minor Gwynn of Chapel Hill, and Miss Pauline Whitley, now retired, of Winston-Salem.

WROTE ON FLAPPERS

Susie entered Women's College, University of North Carolina, in Greensboro (then North Carolina College for Women) in the fall of 1924, took her first two college years there. Her most vivid Woman's College recollections, it happens, are the "inspired history teaching" of the late Dr. W. C. Jackson, for many years chancellor of Woman's College and "getting an A-plus on an English source theme on "Flappers and Flapperism." She laughs, "I don't remember what I wrote about flappers, but I expect I viewed with alarm."

In the University of North Carolina Law School she again came under the guidance of another gifted Coates. Prof. Albert Coates, brother of her second-grade teacher, later founded and now directs the Institute of Government at Chapel Hill. In those days he was the challenging and imaginative professor of criminal law in the law school.

Susie was a vigorous participant in a mock court known on the campus as Albert Coates' Moot Court. She remembers giving the constitutionality of North Carolina's then new bad check law a going over in the moot court. She and George M. Shaw, now a lawyer in New York, argued for the new law. Their adversaries were Algernon L. Butler, now judge of the Federal court, Eastern North Carolina District, and Jefferson B. Fordham, now dean of the University of Pennsylvania Law School.

EDITS LAW REVIEW

At Chapel Hill, Susie became a student editor of the North Carolina Law Review, was made a member of the Order of the Coif, an honorary legal fraternity more stringent in its demands than even Phi Beta Kappa. She was the only girl in a class of 60 law students.

Licensed and admitted to the bar in 1928, the year before she took her LL.B. degree, Susie formed the partnership of Sharp & Sharp with her father and soon earned high respect in the field.

They made a good team. Sharp, known as "Mr. Jim" all over the county, was a scrappy lawyer who gave his best to every client in court. Susie was a skillful hand at the books and briefs.

She was also quick witted in emergencies. Once a woman came to her seeking a divorce. Upon investigation, Susie found that the marriage her client desired to sunder was a common-law marriage only. "Well I want some kind of paper sayin' we's separated and dividing our propity," the woman insisted. Susie settled the matter neatly with a dissolution of partnership.

WANTED TO SEE

Once a Negro man came into the office and said "I want to see de lady lawyer."

"What can I do for you?" asked the "lady lawyer."

"Nuthing," said the man, staring hard, "I jus' heard they had one up here an' I wanted to see her."

Clients began to say "I've got Mr. Sharp and Miss Susie." It was recognition she was proud to receive.

Justice Sharp has wavered from the law only once. During her Woman's College years she became entranced by chemistry. The test tubes failed to hold her but she still finds chemistry fascinating.

LONGEST CASE

Appointed a special judge of the Superior Court in 1949 by Gov. Kerr Scott, Judge Sharp held court in 64 of the 100 counties during the next dozen years. The longest case she tried ran 2 weeks. It was the trial in Guilford County of N. C. Webster, who was convicted of embezzling funds while burser of A. & T. College. The case took 2 weeks—and Webster died soon after, never having begun his sentence. She has two capital cases in which the defendants were executed, both, as it happens, in Guilford.

From her years on the superior court bench, Judge Sharp cherishes a compliment paid her by Atty. Will A. Lucas of Wilson.

BUREAUCRACY'S THUMBS

The problems of managing such large farms as those in the Soviet Union are further aggravated by the constant interference with and harassment of the farm managers by the bureaucracies of both the Communist Party and the Government.

Collectives are supposed to be owned by the people who operate them while the state farms are Government-operated enterprises on which peasants work as if they were factory employees. But both types of farms are rigidly controlled by the state.

In 1958, Khrushchev sought to reduce regimentation of the farms by abolishing the machine-tractor stations that served not only as sources of machinery needed by the farms but also as important instruments of Government control over the collective farm system.

The farm machinery was sold to the collectives to eliminate what Krushchev has so aptly called the "two bosses on the land." But to a large extent this move was offset by continued petty interferences with farm management by party and state bureaucrats.

The Soviet farm economy has also been hobbled by the government's insistence that certain farm methods or crop patterns which struck the leaders' fancy must be used throughout Russian agriculture, regardless of differing soil and climatic conditions. The grassland system of crop rotation, for example, was made mandatory everywhere under Stalin. Now it has been ordered abolished, again everywhere. Today corn, which Khrushchev has called "queen of the fields," must be grown throughout the Soviet Union.

Many Russian farm managers and agricultural specialists undoubtedly realize the harm that such mandates can cause in a country as large and diverse as the Soviet Union. But once these orders become part of the official dogma, they must be followed.

To make matters even worse, the theoretical trend toward decentralization and decreased regimentation has been reversed by the recent reorganization of the administrative apparatus of Soviet agriculture, which established new state supervising agencies over collective and state farms.

Not only are American farmers free from such central direction of even the smallest and most detailed farming operation; they also have the freedom to choose from a number of competing firms the machinery, fertilizer, seed and other commodities that a modern farmer needs. They do not have to take only what a government monopoly will supply, as in the Soviet Union.

Furthermore, the companies producing goods for American agriculture are themselves free and do not have to be spurred by the Government to adopt innovations resulting from scientific and technical research.

There are many other contrasts between Soviet and American agriculture that help to explain the productivity of the U.S. system and the difficulties of the Soviet Union.

Although both countries have large areas of fertile soil and know how poor soil can be made productive with chemical fertilizer, the Russian climate is much less favorable than that of the United States. Most of the Soviet Union is farther north than the United States and consequently the Soviet growing season is generally shorter. Even more important, there are more extensive dry areas in Russia.

The Soviet climate is particularly severe in the eastern regions beyond the Volga River and the Ural Mountains, where virgin land has recently been plowed up. The Soviet agricultural stagnation of the last 3 years was due in part to unfavorable weather, which Khrushchev has underemphasized. But in 1958, the benchmark year for the current 7-year plan, the weather was good in the virgin-land areas and elsewhere and a record crop was gathered.

With their vast area of more than 500 million acres of sown cropland, the 220 million people of the Soviet Union do not suffer from the kind of population pressure that bedevils so many underdeveloped countries, including China. In many Asian countries, there is far less than 1 acre of arable land per person, but in the Soviet Union the ratio of arable acres to population is more than 2 to 1.

This does not mean, of course, that the Soviet Union has no food problem. Its population is growing by 3½ to 4 million a year and, what is more important, the Soviet Union is becoming an increasingly urban country. That alone increases demands for improvements in the starchy Russian diet.

The Russian people also have had so many promises of an improved standard of living from the Communist leadership that they are now anxious to have the promises fulfilled. It was partly to satisfy this demand that Soviet cropland was expanded by more than 100 million acres in recent years.

But this expansion was in areas with a dry climate and a short growing season. In the United States, by contrast, Government efforts to keep farm production in line with demand have concentrated cropland on about 330 million of the better acres.

Further expansion of Soviet agricultural production, which Khrushchev emphasizes so often in his speeches and official plans, will have to come primarily through more intensive farming of acres now under cultivation.

This will require a more efficient farm system, an improved farm technology, the encouragement of innovations and proper incentives to farm managers and workers. Yet these are the areas where Soviet agriculture has fallen down in the past.

The Soviet Union does not have enough tractors and other farm implements and is also short of the fertilizers, herbicides, and fungicides needed to increase production on acres already being cultivated. Nor do Soviet farms have adequate electric power.

In 1959, consumption of electricity on Soviet farms was only 31 percent of that on American farms. And, as Khrushchev has said, "one cannot demand high productivity of labor and hack corn with an ax."

Not only is machinery in short supply on Soviet farms; it is also poorly maintained. It is often left out in the open to rust throughout the severe Russian winter. Neglect of machinery has in fact become such a problem that it has recently been made a criminal offense.

There also are chronic shortages of spare parts and sometimes it is easier to buy new implements rather than seek the parts. Every year the Soviet press is filled with reports of breakdowns of tractors and other machinery at the height of the planting and harvesting season when they are badly needed.

In 1959, for example, when the Soviet Union had considerable trouble harvesting the grain crop in Kazakhstan, 32,000 combines and 11,000 reapers were not in use in that region. Also, 18,000 tractors could not be operated because they needed repairing.

All of these facts were cited by Khrushchev himself in criticizing the shortcomings of Soviet agriculture.

Chemical fertilizer is also badly needed in the Soviet Union. These new fertilizers are an important reason why the United States has been able to increase crop yields per acre so greatly.

Although the Soviet Union has 50 percent more land under cultivation than the United States has, Soviet farms use only a third as much chemical fertilizer as American farmers use. Much of the Soviet fertilizer apparently is not even utilized. There are frequent reports in the Soviet press of piles of fertilizer dumped at railroad sidings and left to deteriorate.

As for herbicides to control weeds and other chemicals to combat pests and plant and animal diseases, the Soviet Union has hardly begun to make use of them.

Nor has irrigation been stressed sufficiently in the Soviet Union, despite its large dry areas. An ambitious irrigation program was planned in the European part of the Soviet Union during the last years of Stalin's regime, but it was largely abandoned after his death and the subsequent Khrushchev-ordered expansion in dryfarming areas.

Last year, however, Khrushchev revived a large-scale irrigation program, but it is envisioned as a long-range development that will not increase production for many years.

Finally, the Soviet Union is continually short of improved seed stocks. Despite the development of many improved varieties by Soviet plant breeders and despite numerous Government edicts, a solution to the seed problem still appears to be far off. Khrushchev has noted that collective farms frequently are forced to deliver seed grain to the Government to meet their quotas.

But even if all of these deficiences of Soviet agriculture are corrected, the Soviet farmers must be given a carrot as well as a stick. Khrushchev knows this. That is why the ridiculously low prices paid to the collective farms for their produce under Stalin were increased to provide more income for the members of the collectives.

Yet a sample survey showed that in a good year like 1958, as much as 38 percent of the income of peasants still came from their private acre-and-a-cow plots. On some collective farms, expenditures for production and for general welfare purposes such as clubhouses, schools and hospitals were excessive and limited the amounts available for members of the collectives and workers on the state farms.

But the most serious problem facing Soviet agriculture is still the high priority given to heavy industry by the state. This deprives agriculture of sufficient capital and retards the growth of consumer goods industries. And farmers, like everyone else in the Soviet Union, not only want rubles but want goods which can be purchased with the rubles.

SIGNIFICANCE OF MEMORIAL DAY— A TRIBUTE TO EDWARD GOMEZ

Mr. HRUSKA. Mr. President, last week there were a great many speeches given, a great many articles and editorials written, and many commentaries made upon the meaning and the place of Memorial Day.

All over the country this was done as it is appropriate to do each year. It is well that we remind ourselves of the full implications of this national observance. One cannot help but marvel at the many fashions of expressing the thoughts which all of us feel for the occasion.

One of the most effective writings on this subject came to my attention from the columns of the Omaha World-Herald. It is an article written by Tom Allan entitled "The Name of Babe Gomez Lives On."

Tom Allan has been doing some very splendid writing over these last several years covering the State of Nebraska for his newspaper. Because of his excellence of writing and because he has a military experience which particularly qualified him to write about Babe Gomez, the results are especially praiseworthy.

I should like to add my tribute to this wartime hero of Kearney, Nebr., and at the same time compliment Tom Allan for his excellent tribute.

Mr. President, I ask unanimous consent that the text of this article be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NAME OF "BABE" GOMEZ LIVES ON

(By Tom Allan)

KEARNEY, NEBR.—In September of 1951 Marine Pfc. Edward "Babe" Gomez, just before going into battle in Korea, wrote his mother:

"I may die in the next assault. You will hear about it before getting this letter and I hope you don't take it too hard.

"I am not sorry I died because I died fighting for my country and that's the No. 1 thing in every one's life, to keep his home and country from being won over by such things as communism.

"I am very proud to have done what little I have done. Tell dad that I died like the man he wanted me to be. The kids, remind them of me once in a while and never forget, kids, fight only for what you believe in—that's what I am fighting for."

A Nation and State that did not forget the South Omaha boy who wrote these lines before his hero's death will honor his memory here Memorial Day.

The name of Private Gomez, just 19 when he died, will live forever here on the campus of the Boys Training School in the hopes his simple creed and love of country will remain eternal in his fellow man.

Gomez Hall, the school's new commissary and utility building, is being dedicated in memory of the boy once sent here by the society for which he later gave his life to preserve.

High church, State and American Legion officials as well as bands, drill teams and firing squads from Shelton, York, Alliance and Stuart will participate.

Standing proudly in the front row will be his parents, Mr. and Mrs. Modesto Gomez, 2609 Monroe Street, Omaha, and his brothers and sisters and their families.

Babe, one of 12 children, won the Nations' highest decoration, the Medal of Honor.

He was always a fighter. He fought with heart and skill in the Golden Gloves. He fought above and beyond the best tradition of a marine in Korea.

There must have been an intuition of impending death that September day in 1951 when he wrote that tender letter to his mother telling of his pride of country and exhorting his brothers—and perhaps all men— to "fight only for what you believe."

"Be proud of me, Mom," he wrote. "Because, even though I'm scared now I know what I am doing is worth it."

A few hours later Private Gomez clawed up Hill 749 with a machinegun crew. An enemy automatic weapon spat death their way. The South Omaha boy dropped to one knee, lobbed in a grenade and fought back with his carbine, wiping out the enemy stronghold.

The marines struggled upward. Once when the line wavered "Babe" snarled:

"If the Third Section Marine guns can't take this mole hill—nobody can."

The wavering line straightened and fought on, gaining the crest of the hill. The Nebraskan provided covering fire as his machine gunners emplaced their weapon.

Then an enemy hand grenade bounced in among them.

Unhesitatingly the boy, who'd learned the true values of life the hard way, grabbed it, pulled it close to his stomach as he spun away from his buddies and fell on it, smothering its explosive blast. His buddies' lives were saved.

There were glowing words on his Medal of Honor citation. There will be others here.

But perhaps none can match his own, written to his mother in that letter:

"I am very proud to have done what little I have done."

FOREIGN AID TO LATIN AMERICA

Mr. PELL. Mr. President, I would like to comment on the new title VI—Alliance for Progress—section of the foreign aid bill we are now considering. More specifically, I am concerned with the expenditure of the $500 million available in the next fiscal year for loans repayable in dollars.

It is my fervent hope that it will be possible to follow the recommendation of the Foreign Relations Committee concerning the purposes for which the loans will be made. In appropriating these moneys, I believe it has been the intention of Congress that the loans would go to specific development projects. This has not always been the case.

I would like to quote at this time from the committee report:

Economic and social progress are quite clearly dependent on political and fiscal stability. If the program is to succeed, however, it must at some reasonably early stage begin to produce a steady decline in the need for budgetary and balance-of-payments support and a corresponding increase in the level of development assistance resources that can be usefully absorbed.

In this connection, I was happy to note that our Government was able to fulfill its commitment of $1 billion in aid to Latin America from March 1961 to March 1962, the first 12 months after the program was announced. However, I was disappointed to see that a large part of this billion dollars was not used directly for development, but for budget support and balance-of-payment loans. It has been estimated that of the $1 billion about $468 million went to pay past debts, current Government bills, and balance-of-payment deficits stemming largely from the failure of exports to match imports. For example, in Brazil which received $357.2 million, $268 million went to refinance old debts and cover a balance-of-payments deficit.

Although I have been assured by AID officials that this kind of support is directly related to development and is a necessary prerequisite, I am hopeful that every effort will be made to emphasize the role of specific development projects.

With so many agencies now involved in assistance under the Alliance for Progress, I have found it sometimes hard to ascertain exactly how the funds are being spent, and by what agencies. I would like unanimous consent that a chart showing "U.S. economic assistance to Latin America, obligations and loan authorizations, July 1, 1961, to April 30, 1962," be printed in the RECORD.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

U.S. economic assistance to Latin America—Obligations and loan authorizations July 1, 1961, to Apr. 30, 1962

[Millions of dollars]

Country	Total U.S. assistance			Eximbank loans more than 5 years	AID	Social progress trust	Food for Peace	Peace Corps
	Total	Grants	Loans					
Total	902.4	158.1	744.3	199.0	364.2	214.0	122.1	[1] 3.1
Argentina	78.3	1.4	76.9	51.9	21.4	5.0	-------	-------
Bolivia	22.4	18.3	4.1	-------	18.0	-------	4.2	.2
Brazil	193.6	36.9	156.7	-------	80.1	47.0	65.9	.6
Chile	125.9	11.4	114.5	.8	102.1	13.7	8.7	.6
Colombia	68.0	15.2	52.8	-------	35.8	22.8	8.3	1.1
Costa Rica	9.6	1.6	8.0	4.5	1.6	3.5	-------	-------
Dominican Republic	35.2	.2	35.0	10.0	25.0	-------	.2	-------
Ecuador	30.4	3.8	26.6	-------	15.5	13.6	1.3	[2]
El Salvador	25.2	3.6	21.6	10.0	1.2	11.6	2.3	.1
Guatemala	7.6	4.1	3.5	-------	3.6	3.5	.5	-------
Haiti	2.4	2.4	-------	-------	1.7	-------	.7	-------
Honduras	2.9	2.9	-------	-------	2.5	-------	.2	.2
Jamaica	.7	.7	-------	-------	.6	-------	[2]	.1
Mexico	110.7	8.3	102.4	91.8	.5	10.6	7.8	-------
Nicaragua	8.0	1.9	6.1	-------	2.5	5.2	.3	-------
Panama	21.4	11.8	9.6	2.0	11.5	7.6	.3	-------
Paraguay	8.3	5.2	3.1	-------	1.1	-------	7.2	-------
Peru	64.3	7.8	56.5	17.1	15.9	24.8	6.5	[2]
Surinam	.4	.4	-------	-------	.3	-------	.1	-------
Uruguay	6.5	.6	5.9	1.9	.2	2.5	1.9	-------
Venezuela	58.3	6.3	52.0	-------	10.6	42.0	5.6	.1
West Indies and East Caribbean	10.0	1.0	9.0	9.0	.8	-------	.1	.1
British Guiana	.5	.5	-------	-------	.4	-------	.1	-------
British Honduras	.3	.3	-------	-------	.2	-------	.1	-------
Regional and undistributed	11.5	11.5	-------	-------	11.0	[3] 5	-------	-------

[1] As of Mar. 31, 1962.
[2] Less than $50,000.
[3] Technical assistance grants.

Source: Statistics and Reports Division, Agency for International Development, May 17, 1962.

Mr. PELL. Mr. President, taking specifically the figures for AID it is interesting to note that a further breakdown shows that about 55 percent of the AID program moneys went to specific long-range development projects. It is estimated that another 34 percent went for other development purposes, principally to pay for imports essential to the development process. This leaves only 11 percent for direct budget support which puts the whole picture in a slightly better light.

Consequently, I will not introduce at

this time an amendment to limit expenditures of Alliance for Progress funds, or in fact any aid funds, to specific development projects, but I think we should make clear our intent when authorizing these funds. During the forthcoming year, I intend to follow very closely the purpose for which loans are made.

FORTIETH ANNIVERSARY OF RADIO STATION WEAN

Mr. PELL. Mr. President, on June 2 Rhode Island's pioneer radio station, WEAN, in Providence celebrated its 40th anniversary.

Since 1922, it has grown from an original 10-watt transistor station in the Shepard Co. store in Providence to one of 5,000 watts, and today has the most up-to-date and modern facilities.

During its first 25 years of broadcasting, WEAN provided the public with a variety of information and entertainment programs. When television appeared on the scene in the late forties, the station adjusted to the challenge provided by the new visual medium by offering a new format of music, news, and public service.

Now owned by the Providence Journal Co., it is well equipped to provide such programing, especially in the news field by taking advantage of the large staff of reporters in the city room and on the State staff of the Journal-Bulletin.

I congratulate radio station WEAN on its anniversary and commend it for its contribution to the life of Rhode Island and its awareness of its public responsibilities.

WITHHOLDING AT THE SOURCE ON INCOME FROM DIVIDENDS AND INTEREST

Mr. DOUGLAS. Mr. President, on May 24, 1962, the New York Times carried an editorial supporting the proposal of the President to withhold on the income from dividends and interest at the source.

The editorial quite correctly points out that this is not a new tax, that those under 18 are exempt, and that the older people would not be harmed by the provision for they could gain exemption if they reasonably expected to have no tax liability.

The editorial states that the facts in no way justify the near hysteria there has been about this provision.

I ask unanimous consent that this editorial be printed at this point in the body of the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE FACTS ON WITHHOLDING

The mail received by the White House and Members of Congress, not to mention the newspapers, reveals many misapprehensions about the Federal Government's proposal for income tax withholding at source from dividend and interest income.

No new tax is proposed. Withholding at source means that a substantial number of people who have been escaping existing taxes by failing to declare their dividend or interest income will have to pay, thus easing the burden on more honest or more careful taxpayers. Any person whose income is so low that he may reasonably expect to owe no tax liability can avoid withholding by filing a statement with the savings institution involved.

All children under 18 are made automatically exempt when they file a statement regarding age. Persons over 65 already get special tax benefits which make them more likely to be eligible for exemption from withholding than are people between 18 and 65. A relatively small number of persons do run the risk of having more tax withheld from interest or dividend income than should be withheld; but they are entitled to quarterly refunds. The latter privilege is far more favorable than is the corresponding provision for annual refunds to wage earners subject to withholding from earned income. Senator PAUL H. DOUGLAS, of Illinois, has made all of this clear, for the 20th time, again this week.

These are the facts. They in no way justify the near hysteria against the withholding proposal which has been aroused in some areas by its opponents.

WITHHOLDING AT THE SOURCE ON DIVIDEND AND INTEREST INCOME

Mr. DOUGLAS. Mr. President, on June 3, 1962, the St. Louis Post-Dispatch carried an editorial in support of withholding dividend and interest income at the source.

Their editorial properly deals with the subject of older couples whose entire income is from dividends or interest and in whose name the opponents of this provision have been objecting to withholding.

As the Post Dispatch points out, an elderly couple would have to have $5,300 of income from interest and $6,100 of income from dividends in any year before they would be subject to any Federal income tax.

As one would need an investment of from $125,000 to $150,000 at 4 percent interest to earn these amounts, no one can honestly say that aged people would be harmed by this bill which exempts anyone over 65 from its provisions if they reasonably expect to have no tax.

I ask unanimous consent that the editorial be printed in the body of the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

EXEMPT AT $5,000

Administration supporters in the Senate Finance Committee are now offering a compromise on the bill to withhold income taxes on dividends and interest. Their proposal is to exempt incomes of $5,000 or less. The offer ought at least to block anti-withholding propaganda aimed at retired citizens. For example, in answer to a charge that an elderly couple with $5,000 yearly in dividends would have to pay income taxes of $50, Senator DOUGLAS, of Illinois, proved that the couple would pay no tax at all.

From the $5,000, the Senator said, the couple would first deduct $50 apiece in dividend exclusions, and from that they would deduct $2,400 in the double personal exemption allowed those over 65 years. This would leave $2,500, from which the standard of 10 percent of adjusted gross income ($4,900) would leave $2,010 in taxable income. The normal tax on that would be $402, but a dividend credit of 4 percent or $80.40 and a retirement income credit of $321 would cancel the tax.

Actually, the Treasury figures that a retired couple could have up to $6,000 in yearly dividend income or $5,300 in interest income without paying a tax. And the hypothetical couple to which Senator DOUGLAS referred would have to have $125,000 in investments to earn their $5,000 at 4 percent.

The fact remains that the withholding bill does not mean new taxes for anyone. It is only an effort to collect some of the tax loss in unreported dividend and interest income which the Treasury put at more than $1 billion for 1960. The compromise $5,000 exemption would eliminate some fairly large investment incomes from withholding but still should recover the bulk of the tax loss.

WITHHOLDING AT THE SOURCE ON DIVIDEND AND INTEREST INCOME

Mr. DOUGLAS. Mr. President, the issues of the Progressive magazine for June 1962 carried an article on withholding the tax already owed on dividends and interest. This article is extremely accurate and supports the proposal put forward by the President to withhold at the source.

It should help very much in doing away with many of the misleading arguments which have been made about this legislation.

I ask unanimous consent that the article be printed in the body of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE BIG LIE

In view of all the major crises confronting the American people at home and abroad it seems doubtful that even the most sensitive public pulsetaker would have chosen the proposed Federal income withholding tax on interest and dividends as an issue that would excite almost unprecedented popular attention.

Yet this modest proposal embodied in section 19 of a complex 240-page tax revision bill—already passed by the House and now under Senate consideration—has provoked a flood of mail—almost all in opposition to the measure—that some Senate veterans claim is greater than any since the Korean crisis of more than a decade ago. Senator PAUL DOUGLAS, one of the leading supporters of the withholding tax, has been swamped with more than 50,000 letters on the issue. Other Senators report as many as several thousand letters a day.

Behind this outpouring of public opposition is a barrage of deceptive propaganda laid down by banks and savings and loan companies which has frightened countless numbers of elderly people, widows, and others who depend for their livelihood on interest and dividend income into believing the Government is preparing a major raid on their modest holdings.

It is widely represented that refunds of taxes withheld but not owed would be slow and difficult to process.

There is no evidence for this assertion. The volume of refunds would be minute because of the liberal exemption provisions—nothing remotely resembling the volume of refunds involved in Federal withholding on income from wages. In addition, the proposed law provides for refunds on a quarterly basis—four times as frequently as refunds of the tax on wages.

Another argument against the system—this one raised mainly by the financial institutions rather than individuals—is that compliance would be difficult and expensive.

The truth is that compliance could hardly be simpler. If a corporation paid out $1 million in dividends for example, it would merely transmit 20 percent—$200,000—to the Treasury, and pay 80 percent of the dividend to the shareholder. It is not required that the corporation report each individual account. Similarly, when banks pay interest, they would merely transmit 20 percent of the total paid, but not the depositors' names and amounts withheld. Filing of the annual personal income tax has been equally simplified.

Largely because of the misconceptions concerning the ease of compliance, it is claimed the withholding system would cost more to administer than the increase in revenue would warrant.

In a remarkable piece of testimony before the Senate Finance Committee, a prominent banker cut the ground from under this argument. To the great surprise of the committee, the withholding plan received enthusiastic support from John Sadlick, vice president and controller of the Franklin National Bank of Long Island, the 32d largest commercial bank in the country, with deposits totaling more than three-quarters of a billion dollars. Sadlick, who had done his homework better than the opposition, provided the only concrete testimony concerning the cost to banks of administering the withholding tax, which he estimated at seven-tenths of 1 percent of the amount withheld the first year, and less than half that in subsequent years. Bank profits would be reduced one-fourth of 1 percent the first year, less than half that thereafter. "In view of our findings," Sadlick concluded, "how could our bank or any other bank * * * justifiably refuse to cooperate with the Treasury in helping to close this important loophole?"

In spite of the overwhelming evidence favoring withholding on interest and dividends the measure is in trouble in the Senate, largely because of the huge volume of mail promoted by the devious propaganda of the banks and savings and loan associations.

WITHHOLDING AT THE SOURCE ON DIVIDENDS AND INTEREST

Mr. DOUGLAS. Mr. President, in his column which appeared in the Washington Post on Saturday, June 2, Mr. George Sokolsky has written about the proposal to withhold at the source on income from dividends and interest. I commend the fairness of his article to the Senate and to the public.

He also mentions the problem of income abroad escaping taxation. This, too, is a subject on which the tax bill attempts to close some of the existing loopholes.

I ask unanimous consent that Mr. Sokolsky's article may appear in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TAX EVASION

(By George E. Sokolsky)

The argument in favor of a withholding tax, of any kind, is that there is considerable cheating in the payment of taxes. The American people are an honest people, but as every tax collector knows, in any country, most folks find it a pleasure to evade a tax, avoid a tax, find a loophole in a tax law. This has been true from time immemorial and a tax collector is usually disliked not for his personality but on account of his profession. He is like a hangman.

Senator PAUL DOUGLAS, of Illinois, is a trained economist. He believes in the withholding method of collecting taxes as fair because there is an estimated cheating of $1 billion per year and therefore those who honestly pay are at a disadvantage as compared to those who manage to cheat. He favors using the withholding device with regard to dividends. He says:

"The bill as written provides for either exemption or for quick quarterly refunds which in my judgment will mitigate almost all the objections which previously have been made against the provision. The fact is that over 75 to 80 percent of those over 65, in my judgment, would be exempt from withholding, and an aged couple both over 65 would need investments of well over $100,000 even to be subject to withholding."

I dislike the withholding tax because I prefer to keep my earnings as long as I can and to manage my own money—however badly I may do it. Nevertheless, any citizen must agree that the tax evader is a cheat and that he cheats not the Government but his fellow citizens who pay their taxes as they pay other bills.

But there is another point of view in all this and Senator DOUGLAS might give it consideration. Actually tax evasion must amount to more than the $1 billion which we lose because the income taxes on dividends are not paid. The loss in tax collection from American money on deposit in Switzerland, West Germany, Liechtenstein, Monaco, Panama, Hong Kong, and other places and managed by bankers and brokers in those places must be much larger than $1 billion, although I have been unable to get accurate figures.

Why penalize the American who keeps his money in the United States and uses it to expand and strengthen American industry and commerce?

Perhaps if the income tax were simplified and were not so brutally collected, involving huge bookkeeping costs and irksome man-hours spent by individuals and small businessmen, who can hardly afford the time or expert advice, there would be less cheating.

Would not a transactions tax be a suitable substitute for the income tax and would that not make the withholding tax unnecessary? American money held abroad could evade the transaction tax as it evades the income tax, but if any form of paper were moved, the transaction could be taxed immediately. In fact, if a transactions tax were used, the Government would not have to wait for its money, as it would be paid as soon as any transaction occurred.

There would be no reports, no questionnaires, no field men making spot checks, no accountants, no lawyers. A transaction would simply have no legality, no validity, unless the transaction stamp were affixed to the documents, be they nothing more involved than checks or receipts or contracts.

The development of a new taxation system cannot be done overnight but it might be taken under advisement by the Committee on Banking and Currency which includes several knowledgeable Senators.

STATEMENT OF THE MORGANTOWN, W. VA., CHAMBER OF COMMERCE ON RESIDUAL OIL IMPORTS

Mr. BYRD of West Virginia. Mr. President, since I first became a Member of Congress 10 years ago, I have spoken many times of the damage to the national economy and to the national security caused by excessive imports of residual fuel oil. I have pointed out that this waste product of foreign oil refining operations is coming into the country in such amounts that it constitutes a real and serious threat to the future of the domestic coal industry, particularly with regard to the important east coast industrial fuels market.

The damage which imported residual fuel oil causes in the Appalachian coal-producing areas of West Virginia was highlighted in a statement recently adopted by the Morgantown, W. Va., Chamber of Commerce. The statement declared, and I quote:

> During this year so far, at least 300 miners have been furloughed from their jobs in coal mines in our county, and, as much of the coal produced by Monongalia County mines is consumed by public utility plants, it can be definitely stated that most of these furloughs of coal miners here are the result of the continued increasing use of this residual fuel oil in our mines' normal markets.

The story of coal miners furloughed because of residual oil imports is being repeated in all coal-producing areas. The effect of imported residual fuel oil is being felt even in the Midwest coal producing areas, which do not directly supply the east coast market. As Appalachian-produced coal is displaced in its historic east coast market, it is forced to seek market outlets in other areas, often in direct competition with Midwest produced coal. Thus, imported residual fuel oil has a nationwide significance aside from the national defense aspect.

At the present time, residual oil imports under the import control program are running at the rate of 507,000 barrels daily—or about 185 million barrels for the 1962–63 quota year. This total is about 10 percent greater than quota imports in the 1961–62 import year.

The need for relief from the intolerable burden which excessive imports of residual oil imposes upon the coal industry is obvious. I hope my colleagues will realize that time is running out for the coal industry. We must make up our minds, and make them up in a hurry, as to whether we want a coal industry that is vigorous and healthy and capable of expanding its production rapidly and significantly in a national emergency, or whether we want to gamble with our self-interest by allowing this vital industry to literally die on the vine.

If we want a coal industry capable of participating in an active economy, and fully prepared to act as the Nation's energy supplier in the event of a national emergency, then we must take action to stem and control imports of residual fuel oil. The price of inaction can be increasingly costly to our national economy, and may also affect our freedom.

The statement adopted by the Morgantown Chamber of Commerce should be carefully read and studied. It clearly outlines the problems created for the coal industry by excessive residual oil imports. It also proposes action needed to save the coal industry. I ask unanimous consent to have the statement printed in the body of the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF THE MORGANTOWN CHAMBER OF COMMERCE, MORGANTOWN, W. VA., WITH REFERENCE TO OBTAINING FEDERAL GOVERNMENT ACTION TO STABILIZE FOREIGN RESIDUAL OIL IMPORTS AT SPECIFIC LEVELS, APPROVED AT BOARD OF DIRECTORS MEETING, MAY 21, 1962

The importation of foreign residual fuel oil, which is used for boiler fuel in industrial and public utility plants along our eastern sea coastal area, is becoming increasingly more critical, particularly as it relates to the coal produced in Monongalia County, W. Va. During this year so far, at least 300 miners have been furloughed from their jobs in the coal mines in our county, and as much of the coal produced by Monongalia County mines is consumed by public utility plants, it can be definitely stated that most of these furloughs of coal miners here are the result of the continued and increasing use of this residual fuel oil in our mines' normal markets.

The loss of these many men from the payrolls of our county coal mines means a loss of $2 million yearly wages, without taking into account the loss of earnings of the coal companies, the loss to the railroads in freight revenue and to their employees in wages, and to the overall effect on the economy of this county.

In addition to the furloughed miners, many miners who are still employed at the mines are now only getting about 3 days' work per week. Therefore, the actual payroll loss from furloughed miners is only a part of the overall loss to the men and our county's economy because, in addition, those miners still working are losing much in wages by not being able to work full time. Our mines here are geared to work a full normal week and the loss of running time creates problems with lower profits and increased cost of operation. It can readily be seen that the loss of payroll wages to our miners means the loss of millions of dollars a year to the economy of Monongalia County, W. Va.

The administration's proposed trade expansion bill will soon come before the Congress in Washington for its action. Efforts are being made to obtain inclusion of an amendment in the trade act which would have the effect of stabilizing residual oil imports at specific levels, permitting coal to get some relief from the presently increasing flood of foreign oil, which now deprives our coal from its established markets.

The Morgantown Chamber of Commerce urges the administration to support any amendments which would require specific limitations on foreign residual oil imports and thereby make it possible for this county's coal mines to compete with this foreign product, giving needed work to our miners and permitting our mines to operate on a normal workweek.

By order of the board of directors, Morgantown Chamber of Commerce, Inc.

JAMES R. MCCARTNEY,
Managing Director.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, is there further morning business?

The ACTING PRESIDENT pro tempore. Is there further business? If not, morning business is closed.

AMENDMENT OF THE FOREIGN ASSISTANCE ACT OF 1961

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate.

The ACTING PRESIDENT pro tempore. Is there objection?

There being no objection, the Senate resumed the consideration of the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. PROXMIRE].

Mr. MANSFIELD. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

TAX LEGISLATION

Mr. MORTON. Mr. President, it seems apparent that we will have before the Congress an omnibus tax bill, including a tax reduction feature, if not at this session, at the next session. I noticed an eight-column headline in the Washington Evening Star which reads, "Democrats Back Tax-Cut Move."

We have before the Finance Committee now a controversial tax measure. I wonder if it would not be the better part of wisdom if the administration would ask us to hold up action on this bill pending the introduction of a new bill.

It goes without saying that any tax bill is upsetting to the business community, to the investment community. It seems to me that today the business community is showing some lack of confidence in the policies of this administration; and certainly the investment community shows a similar lack of confidence, as is borne out by the gyrations of the stock exchange during the last 10 days.

The Speaker of the House, the majority whip of the Senate, the Secretary of the Treasury, and others assure us that in the not-too-distant future, there will be presented a major tax bill involving a tax cut. Such a bill might well influence the judgment of many of us on such matters as withholding, tightening up on expense accounts, investment credit, and even a tax on foreign subsidiaries of U.S. corporations.

How can we intelligently legislate today on a tax bill when hanging over us is this promise of a tax cut? It seems to me completely inconsistent.

As I pointed out, business is upset now; the market is upset now. Let us calm down a little. Let us just say we are not going to pass tax legislation until the promised omnibus bill comes before Congress.

I realize that the Ways and Means Committee of the House labored long and diligently in getting a bill through the House of Representatives; but it seems to me equally clear that the distinguished chairman of that committee will call the committee together, perhaps the week after the election, and start hearings on the omnibus bill, if there are not hearings prior thereto.

I believe that for the good of the country, in order to restore confidence, we had better lay it aside. Any tax bill makes the economy and the business community more nervous, and this is no time for us to be getting into a nerve spasm, with the market going the way it is.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MORTON. I yield.

Mr. CARLSON. I commend the distinguished Senator from Kentucky for the statement he has just made in regard to our tax program and proposed tax legislation. He is a very distinguished and able member of the Finance Committee, who has been attending the hearings we have held in our committee for weeks on a tax bill. It is a bill that arouses much controversy. It is a bill, as the distinguished Senator from Kentucky has said, which has caused much unrest and concern in our Nation. I share with him the view that the bill should be set aside.

The country is suffering from a lack of confidence as is evidenced by the stock market and numerous business indicators. This is no time for Pollyanna statements. We need immediate and constructive action.

I do not share the views of the administration that we should begin to talk about a tax cut in 1963. Those of us who have served on the Senate Committee on Finance and on the House Committee on Ways and Means, who have studied tax problems for years, know positively that when one wants to start the economy moving, one should consider a reduction in taxes.

I believe that at this time we have an opportunity to take action the country needs, which will benefit it. We need a reduction in Federal spending and at the same time a reduction in taxes.

I do not have it with me now, but I ask unanimous consent to have printed in the RECORD a statement by Mr. A. J. Livingston, who I think is well known as a financial writer in this Nation, published in the newspapers about 2 weeks ago. Mr. Livingston mentions that the recovery over a 13-month period from the recession—and he called it a recession—"has been less oomphy" than recovery from any postwar depression the Nation has had. There have been four since 1949. Only on a gross national product basis is the percentage of recovery higher than in the three previous depression periods, considering 13-month periods. The industrial production, the carloadings, housing, retail sales, manufactures orders, workweek, employment are lagging in recovery.

Mr. President, I ask unanimous consent to have that article printed in the RECORD at this point, because I think it shows positively that the recession we

are going through is not picking up slack, as has been the experience in the past.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

And Albert L. Nickerson, chairman of Socony Mobil Oil Co., pointedly told stockholders at the annual meeting that corporate profits as a percentage of national income have dropped from 9.2 percent in 1947 to 5.4 percent. "The erosion of corporate incentive poses a serious threat to the continued well-being of our Nation's economy."

WHERE WENT THE OOMPH

Businessmen are uncertain about the present administration. Is the President antibusiness? This leads to hesitancy in decisionmaking. And they're uncertain about business, itself. It hasn't come up to first-of-the-year expectations and has fallen far below the projections of the President's Council of Economic Advisers.

So far, this recovery has been less oomphy than any previous postwar recovery, with the possible exception of 1954–55. Here is a comparison of the plusses in the present advance with those of previous recoveries over the same time span—13 months:

Indicator	1961–62	1958–59	1954–55	1949–50
	Percent	*Percent*	*Percent*	*Percent*
GNP	9.5	9.1	9.5	7
Individual production	13	25	12	28
Retail sales	8	12	9	21
Carloadings	12	23	15	40
Manufacturers orders	16	30	25	44
Workweek	3	5	3	4
Employment	4	10	5	15
Housing	26	52	26	80

Obviously, this hasn't been a stick-in-the-mud recovery. The rise in total output of goods and services—gross national product—is right at the top. But in housing starts, employment, retail sales, and industrial production it has lagged far behind the best. And, though it's not shown in the table, unemployment has been especially stubborn.

PROSPERITY STILL AHEAD

This explains Wall Street's teeter-totter behavior. Even omitting the sharp declines of April and May, the stock market rise this time was only 21 percent versus 32, 55, and 27 percent in the other recoveries. This, of course, could be due entirely to downward adjustment in earnings expectations. But it could be more.

Some economists argue that slow recoveries lead to early recessions. Even now, some pessimists prophesy that we're rounding out a top and going into an economic valley.

I don't agree. For some people, if business doesn't boom, it's a bust. I agree with Walter W. Heller, Chairman of the Council of Economic Advisers, that there's still plenty of prosperity left in the recovery.

Mr. CARLSON. Mr. President, I commend the Senator from Kentucky for making his statement. I share his views. We ought to lay the present tax proposal aside. We ought to get about the business of writing tax legislation which would give to the country some assurance of getting our economy moving. It can be done.

Mr. MORTON. I thank the Senator.

Mr. President, I hope there will be some second thoughts downtown. I hope the Secretary of the Treasury, or someone from the White House, will see the wisdom of taking the initiative in laying the proposed tax bill aside. I do not think this is the time to engage in a partisan fight about attempting to table it. I think that would be a mistake. I think it would further destroy the confidence which is so badly needed today in order to get our industrial machine and our economy moving ahead. We have heard much said about getting America moving. Let us do it. One way to do it is to take away the roadblocks which are obstructing progress. The uncertainty about our tax policy is one of the roadblocks.

I do not see how we can well afford a tax cut of any particular consequence at this time, but when this "carrot" is waved before the economy or before the American investors, obviously it becomes more difficult for Members of the Congress to vote for such things as a withholding tax or dividends and interest income, or an additional tax on American companies with foreign investments, or investment credit.

What would be the outcome of the depreciation proposal made by the Under Secretary of the Treasury at Hot Springs? How would that apply in comparison with investment credit? If corporate taxes are to be lowered, do we need to provide an investment credit? Can we afford to? These are some of the questions which occur to me, after reading the newspapers today.

I say in closing, Mr. President, I think it is obvious that the 1963 promise is being injected into a 1962 campaign. I do not think that in the heat of that atmosphere is any time to attempt to legislate judiciously on something as important as our tax structure, which can indeed seriously affect the economy of this country one way or another.

I repeat, I hope someone from the administration will take the initiative and will say, "Since there will be under consideration an omnibus bill, which will incorporate all tax reduction proposals, therefore we wish to lay this bill aside."

The time involved is only a few months. By the time the forms have been printed to implement any tax law which Congress may pass at this session, Congress will be engaged in debating proposed legislation to change the tax law. Then there will be manuals and forms and everything else to be changed, and all will have to be thrown out the window, because another tax bill will come along in a matter of months.

I sincerely hope that we will all think the problem through and lay the pending proposal on taxes aside. That in itself would give confidence to the investors in this country, stability to the stock market, and stability to the American industrial and business complex.

RESERVE MILITARY FORCES SHOULD BE MODERNIZED, BUT NOT REDUCED

Mr. YARBOROUGH. Mr. President, as national chairman of the National Reserve Officers Association's Legislative Advisory Committee, my interest in the pending proposal to reduce the forces of the Army Reserve and National Guard units is intense. I call attention to the fact that the ROA has recently voiced 100 percent approval for modernization of the U.S. Military Reserve.

However, the ROA is correct in pointing out that "modernizing" and "cutting back" in strength are not synonymous and that whatever reorganization that is put into effect should be carried out without reducing strength. It should also be managed without changes damaging to States and communities within the States.

Mr. President, the position of the ROA has been misunderstood at times publicly. It has been stated that they were opposed to modernization. They are not opposed to modernizing the Reserve Forces. I think the forces should be modernized in keeping with the best military overall strategy, and also in keeping with the more localized tactics requirements of modern warfare. The forces should not be decreased. They should be made more efficient.

While the ROA has made its position clear, I am continuing almost daily to receive strong protests from officials all over Texas—at virtually all levels of government—opposing a reduction of forces of the Texas National Guard.

American servicemen are now serving in danger zones in many places, and any move to weaken our country's position of strength is a grave and entirely unecessary risk.

I favor any move toward modernization that will mold the National Guard and Reserve units into a better, stronger fighting force, but I oppose any move that represents a trend away from the treasured American tradition of maintaining a strong, ready citizen army.

To emphasize the growing alarm in Texas in the face of a pending reduction of forces of the Texas National Guard, I have a series of resolutions opposing National Guard cutbacks from the City Council of the City of Stamford, Jones County; City Commission of the City of Ballinger, Runnels County; Commissioner's Court of Odessa, Ector County; City Council of the City of Bowie, Montague County; City Council of the City of Santa Anna, Coleman County; Mr. Paul Cain, president of the Sweetwater Board of City Development; City Commission of the City of Ranger, Eastland County; Commissioner's Court of Swisher County; Commissioner's Court of Wharton County; City Commission of City of Vernon, Wilbarger County; City Council of the City of Mission, Hidalgo County; City Commission of the City of McAllen, Hidalgo County; and the City Council of the City of Sherman, Grayson County.

Those counties range all the way from the Rio Grande and the gulf coast to the high plains of the State of Texas. I ask unanimous consent that the resolutions be printed at this point in the RECORD.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STAMFORD, TEX.

Whereas the city of Stamford, Tex., enjoys the benefits of a unit of the Texas National Guard with a unit strength of 53 men, in-

Passed and approved this the 7th day of May 1962.

TOM B. MOORE,
Mayor.

Attest:

J. B. ATKINSON, Jr.,
City Clerk.

RESOLUTION BY COUNTY OF WILBARGER, CITY OF VERNON

Whereas the City Commission of the City of Vernon deems the National Guard to be of vital importance to the Nation, the States, and the communities in which local units are maintained, and

Whereas the unit located at Vernon, Tex., is housed in a permanent type building owned by the National Guard on land donoted by said city, and said unit can be of great assistance to the community in case of disaster or other emergency: Now, therefore, be it

Resolved by the City Commission of the City of Vernon, That the Department of the Army's National Guard Bureau be, and is hereby, requested to continue the unit of the Texas National Guard located at Vernon, Tex., in connection with any program such Department may hereafter instigate.

Adopted by the unanimous vote of all members of the City Commission of the City of Vernon, at a regular meeting held on May 8, 1962.

J. B. WRIGHT, *Mayor.*
JAMES R. HAMILTON,
ERNEST ROGERS,
L. W. BRAJIL,
J. B. TAYLOR,
Commissioners.

Attest:

T. W. DANIEL,
City Secretary.

TWO-THIRDS OF ABILENE, TEX., HIGH SCHOOL SENIORS PLANNING TO ATTEND A COLLEGE THIS FALL

Mr. YARBOROUGH. Mr. President, the city of Abilene, Tex., which has three fine colleges, can be justly proud of the fact that 454 of the 679 seniors graduating from Abilene public schools this year are planning to enter college this fall.

As the Abilene Reporter-News pointed out in an editorial recently, this represents two-thirds of the graduating high school students in Abilene, and is a surprisingly high percentage.

These totals should serve as a warning bell to all who are interested in the field of higher education that the increasing demand for teachers and teaching space and facilities deserves our constant and unrelenting attention and efforts.

In the meantime, I salute Abilene and the ambitious youth. Abilene is known in Texas as the city of Christian education. It is the home of Abilene Christian College, McMurry College, and Hardin-Simmons University, all senior colleges. Loans under the National Defense Education Act of 1958 have helped nearly a thousand students attend those three colleges alone. With the coming tide of young Americans eager for learning and dedicated to their country's progress, larger programs will be needed in the future.

I ask unanimous consent to have printed in the RECORD an editorial from the Abilene Reporter News of Thursday, May 31, 1962, entitled "Going to College."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

GOING TO COLLEGE

Of the 679 seniors graduating from Abilene three public high schools this week, 454 of them plan to go to college this fall.

This is two-thirds of the total. That is a remarkable percentage.

Our percentage, of course, would be higher than normal in noncollege cities, for many can arrange to attend one of the three institutions of higher learning here who could not go out of town.

This is one of the assets and good fortunes that accrue from living in Abilene.

But another reason so many plan to go to college is that these times call for a better than average education, and both the parents and students realize that.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

AMENDMENT OF THE FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

WE DO NOT USE FEDERAL FUNDS FOR THE MAINTENANCE OF HIGHWAYS AT HOME—WE SHOULD NOT DO IT ABROAD

Mr. GRUENING. Mr. President, if our foreign aid program is to continue, if it is to have the support of the American people, if Congress is to be expected to continue to vote billions of dollars for it annually, wisdom in the expenditure of American taxpayers' funds must be vastly augmented and waste and the double standard hitherto prevalent must be eliminated. President Kennedy, in sponsoring the Alliance for Progress in Latin America, has set some specific guidelines in which self-help and reforms of various kinds in the recipient countries were declared to be essential to the continuation of Uncle Sam's financial assistance. It is regrettable that such self-help and such reforms, despite President Kennedy's prescription of them as conditional to our aid have not been generally forthcoming or, at best, forthcoming in a very limited degree.

As a member of a subcommittee of the Senate Committee on Public Works, of which my able colleague, the senior Senator from West Virginia [Mr. RANDOLPH] is chairman, I went to Central America shortly before the opening of this session of Congress to inspect the progress of the Inter-American Highway extending through the six Central American Republics from the Mexican border to the Panama Canal.

Its construction is the responsibility of the Congress under a variety of statutes and appropriation measures enacted, beginning as far back as 1930. Under these statutes, which are listed on page 3 of our subcommittee's report, the United States is committed to pay two-thirds of the cost of construction of this highway, and the six Republics—Guatemala, Honduras, San Salvador, Nicaragua, Costa Rica, and Panama—one-third. To date, the United States has contributed as its share of this arrangement $138,703,000. Let me say that I consider this highway a desirable project. It links us with our neighbors and it helps them and should aid them increasingly in the development of their resources and of their economy. The highway is now nearing completion, although regrettably not on the schedule or within the appropriations at various times predicted by the officials of the Bureau of Public Roads, who have charge of the project. Our subcommittee, in its report, expressed the hope that the estimate by the Bureau of Public Roads as to the amounts needed to complete the Inter-American Highway would henceforth be more accurate than those presented in the past.

Indeed, the subcommittee reminded the Bureau of Public Roads that when that agency appeared before the committee in 1955 requesting an additional authorization of $25,730,000 to complete the Inter-American Highway assurances were given at that time that the highway could and would be completed with that sum. The following colloquy took place at that time:

Senator GORE. I would like, Mr. Chairman, to inquire either of Mr. Curtiss (Commissioner of Public Roads) or Mr. Turner (Assistant to the Commissioner of Public Roads), as to the reliability, in their opinion, of the cost estimates?

Mr. CURTISS. We think they are reliable, and that the work can be done for that amount.

Senator GORE. Did you arrive at the recommended amount through detailed study or is it a so-called educated guess?

Mr. CURTISS. Mr. Turner was in charge of the work of making the estimates. I think it was a careful estimate.

Senator GORE. Do you say so, Mr. Turner?

Mr. TURNER. Yes.

However, in 1957, the Bureau of Public Roads was before the Congress again requesting an additional authorization of $10 million and admitting that its previous estimtes had been incorrect. Such increased authorization was voted by the Congress.

Now we are told that a request for the authorization of an additional $32 million will have to be made to the Congress, again for the purpose of completing the construction of the Inter-American Highway.

Thus, the Bureau's estimate in 1955 that the expenditure of the sum of $25,730,000 would complete the Inter-American Highway turns out to be incorrect by $42 million—an error of close to 200 percent. No one now can say what the reaction of the Congress would have been in 1955 if it had been told that it would take $67,730,000 to complete the highway rather than $25,730,000. Congress is entitled, if it is to legislate intelligently, to more accurate estimates

than have hitherto been furnished it with respect to this program.

I would add that the subcommittee also viewed with concern and so reported, that nowhere along the hundreds of miles of this highway through six countries was there any sign indicating that the construction of this major project was a joint undertaking in which the United States had actually paid two-thirds of the cost besides providing expert engineering and other services without which the highway could not have advanced to its present status. No adequate explanation was given as to why such markers and signs had not been installed. The subcommittee believes that this is not merely a matter of national pride but that such markers should properly serve as a constant daily reminder to the users of these highways of the tangible interest of the people of the United States in the economic betterment of the people of the Central American countries. It is our hope that such signs, suitably designed and appropriately placed, will now be forthcoming.

But of much greater concern even than the inaccuracies of the cost estimates with which the Congress has hitherto been confronted and the failure to attempt to secure recognition of the major part which the United States has played in this project, was the discovery by the subcommittee that with the exception of San Salvador, the one-third contributions of the five other countries came variously out of our own foreign aid program in the form of loans and grants from our various foreign aid and lending agencies. In other words, Uncle Sam was, in fact, to a large degree paying the one-third cost which, under the statute enacted by the Congress, was an obligation of the recipient countries. The facts and figures are set forth on pages 63 to 70 of the subcommittee's report.

Had the Congress so wished, although I would not have considered it wise, it could have financed the entire project as an outright grant. I would have considered this undesirable in that it would not have required the obviously desirable participation and sharing of responsibility and costs which was clearly the intention of the Congress when it enacted the legislation that did provide a two-thirds participation by the United States and a one-third participation by the recipient countries. Certainly, the way the program has worked out has not been a fulfillment of and compliance with the congressional mandate. It certainly has not served the purpose of evoking the kind of self-help which President Kennedy has properly called upon foreign countries to vouchsafe in present and future programs.

Now that the Inter-American Highway is, however, let it be hoped, nearing completion, if and when the Congress votes the additional $32 million now requested, the suggestion has been made that the United States continue, under its foreign-aid program, to assist these countries in maintaining the roads which as it turns out are virtually wholly or almost wholly built with American funds. This, I think would be a most unwise policy and a highly costly one. Certainly, after a generation of assistance and training by the engineers and officials of the Bureau of Public Roads, the appropriate road building agencies of these six Central American countries should be able to maintain the roads that we have built. In any event, in the remaining year or two when we complete the Inter-American Highway, the Congress could properly direct the Bureau of Public Roads officials to make every effort to inculcate road maintenance training and efficiency upon the appropriate officials of these six Republics.

Further, I doubt whether Uncle Sam's purse is going to be long enough to maintain in foreign countries all over the world the roads we have built wholly and in part through our foreign aid program. Let it be made crystal clear that we do not do this for ourselves at home. Many of our States would like nothing better than to use Federal funds for the maintenance of the highways built under our Federal Aid Highway program. Requests to that end have often been made but never granted. It seems to me unthinkable that we should do for foreign countries what we specifically refuse to do for our own States. Yet that is being seriously contemplated. I am, therefore, proposing an amendment to the foreign aid program, specifically to the Foreign Assistance Act of 1961, S. 2996, which would prohibit the use of funds for reconstructing, rebuilding, or maintaining any road or highway in a foreign land which has been wholly or partly built by American foreign aid funds, either through grants or loans. I trust that the amendment will be accepted and incorporated in the proposed legislation, and I ask unanimous consent that it be printed at this point in my remarks.

The ACTING PRESIDENT pro tempore. The amendment will be received, printed, and lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 11, after line 24, add the following:

"(F) After section 620 add the following new section:

"'SEC. 620A. PROHIBITION AGAINST USE OF FUNDS FOR CERTAIN HIGHWAY PURPOSES.—None of the funds authorized to be appropriated by this Act shall be used for making any grant or loan to any country for the reconstruction, rebuilding, or maintenance of any road or highway in such country in the construction of which United States funds, either in the form of loans or grants have been used.'"

Mr. SPARKMAN. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield with pleasure to the distinguished Senator from Alabama.

Mr. SPARKMAN. I have listened with interest to the Senator's presentation of his amendment. Most of the Senator's remarks—practically all of his speech—related to the Inter-American Highway. However, the amendment seems to cover any and all road projects Is that a correct interpretation of the Senator's amendment; or is the amendment intended to relate only to the Inter-American Highway?

Mr. GRUENING. Of course, my attention was forcefully called to this situation by my visit to Central America. I believe it to be sound policy, wherever the United States has built roads in foreign countries under our foreign aid program, that the future responsibility of maintaining the roads after they have been built should be left to the recipient countries, and that Uncle Sam should not be expected to continue to supply financial aid to maintain the roads for an indefinite period. Otherwise we would be pouring our money into a bottomless pit.

I think it desirable for the United States where it has paid for highway construction not merely in Central America, although the situation in Central America was forcefully called to my attention, to insist that thereafter maintenance be by the recipient country. I believe we should not do for foreign countries what we ever do in our own country. As the Senator from Alabama well knows, and as the Presiding Officer, the distinguished Senator from Wyoming [Mr. HICKEY], knows, the attempt has often been made to obtain Federal aid for the maintenance of highways in the Western States. These requests have always been refused. The States are not allowed to use Federal funds to maintain roads which have been built under the Federal-aid highway program. There should be no different policy for road maintenance abroad.

Mr. SPARKMAN. I think the Senator from Alaska will agree with me that the situations are not analogous. In the United States we have a State-Federal arrangement. In the other case, the dealings are between two nations—the United States and another nation.

I am not attempting to answer the Senator's presentation concerning his amendment at this time, but I am throwing out suggestions or thoughts. As I see it most of our assistance in roadbuilding—I am speaking of roadbuilding generally—is going to countries which are underdeveloped. In other words, we do not ordinarily, in our aid programs, build roads in industrialized countries. Our purpose is to help underdeveloped countries. One of the first things we seek to do when we move into an underdeveloped country is to help in the building of communications systems. By "communications systems" I mean highways, railroads, and telephone and telegraph lines. It is facilities of that kind which can pull communities together.

So it seems to me that it might be necessary for us to continue to give some kind of assistance. When we build a road or make money available for the building of a road, certainly we do not want to see the road go to pot; we want to have it remain a good road. If by making money available in relatively small amounts roads can be maintained in good condition, the investment we have made, particularly in underdeveloped countries, can be protected.

Mr. GRUENING. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. The Senator from Alaska has the floor.

Mr. GRUENING. But as a part of our program in other countries—it is a program of assistance, and it also involves training and education—as we complete the roads, why do not we concomitantly train the local officials to maintain them?

Actually, the law provides that these countries shall maintain the roads that we build for them. Specifically, section 212 of title 23 of the United States Code says, and I quote:

No part of said appropriations—

This is the appropriation for the construction of the Inter-American Highway—

shall be available for obligation or expenditure in any such country until the Government of that country shall have entered into an agreement with the United States which shall provide in part that said country.

And then there are five provisions, and the fifth is: "will provide for the maintenance of said highway after its completion in condition adequately to serve the needs of present and future traffic."

Mr. SPARKMAN. I am glad the Senator from Alaska has brought out that point, because I intended to refer to it. It is highly essential that that be done, and that is what we ordinarily do when we work in a less developed country. We develop primarily the things I have mentioned—transportation, utilities, education, and technical assistance to agriculture, sanitation, and public health, for instance—things that require technical assistance and technicians. I certainly agree with the Senator from Alaska that as we help build the roads, we need to help train technicians there to maintain them. But that takes time; it cannot be done overnight.

Mr. CARLSON. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. Certainly.

Mr. CARLSON. I wish we could follow the suggestion of the Senator from Alaska and could adopt his amendment, but I believe some problems are involved. I am sure the Senator from Alabama and I have traveled in Cambodia and in Vietnam in areas where the roads had gone completely to pieces. So either we had to assist in bringing the roads up to standard again, or else we had to face the loss of the investment we had made in such roads. So we shall have to maintain some of the roads, at least for a while, although I wish we did not have to do it.

Mr. GRUENING. But cannot my suggestion be met at least part way, by imposing a time limit in that connection? I appreciate the fact that in a country such as Cambodia, the development of trained technicians would involve some delay. But, on the other hand, let us consider the situation in the countries of Central America where our engineers have been working for years. How long a time will be required to train the needed personnel there? There must certainly be some cutoff date.

Mr. CARLSON. One of my sincerest regrets is that I have not yet visited any of the countries of Central America or South America. But I hope some day to be able to visit there.

Mr. GRUENING. However, the principle is most important. Although I appreciate the point the Senator from Alabama has made—namely, that the situation is somewhat different—yet it is true that if we are to help these countries to stand on their own feet, we must make a beginning, particularly in countries in which our experts have been assisting in a particular activity for a generation. I do not now refer to countries such as Cambodia. But in countries where our experts have been giving assistance for many years, surely we can say, "We are turning over these roads to you. We expect you to maintain them from now on."

Of course, if within a year or so we found these highways were going to pot, and it was in the national interest to do so, we could reopen the situation. But certainly we must point out to the governments of these countries that that is their responsibility henceforth. At least I so believe.

It was a great shock to us, to the members of our Public Works Subcommittee, to find that in Central America none of these countries—except El Salvador—has contributed the one-third of the cost which each was supposed to contribute. Actually, the statute specifically provides that the United States will pay two-thirds and the other countries will pay one-third. But they have paid the one-third largely out of our own foreign-aid funds. Certainly this is a ridiculous situation, and considering the statute a highly improper one, and surely it is time for us to clamp down.

Mr. SPARKMAN. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield.

Mr. SPARKMAN. I find in the Senator's statement nothing with which I can quarrel in any way. However, he is referring to a specific instance; namely, the Inter-American Highway. Under the administration of that act there should have been a closer watch in this connection.

But the Senator's amendment does not deal only with the countries of Latin America through which the Inter-American Highway passes; his amendment also deals with the nations of Africa and with other nations in South America.

Last fall I visited in South America, and I saw there some very fine highways—for example, in Venezuela. I do not think U.S. funds were used to build that highway; I believe the Venezuelans built it with their own funds. Undoubtedly they are developing the needed technicians.

But I can think of other countries in South America that do not have the necessary roadbuilding knowledge. That is required, and it will take time to obtain it.

I believe the objective the Senator from Alaska has mentioned is a good one; and I believe that in the administration of the AID Act and in the administration of the Inter-American Highway Act, the principles he has enunciated should be carried out. But when such a provision is included in the law, in the manner called for by the Senator's amendment, no leeway is left.

The Senator from Alaska himself has said that if the amendment were adopted and if thereafter we found that these countries did not have the necessary technical knowledge so as to be able to maintain the roads, we could examine the situation again. But the Senator knows that it takes time for Congress to act.

So I hope the Senator from Alaska will take up this problem with our AID people; and I am sure he can get from them a good, strong letter regarding it, because I believe the principle of his amendment is a good one. However, I hope he will not insist upon including his amendment in the law.

Mr. GRUENING. Would the Senator from Alabama agree to the inclusion of my amendment in an amended or modified form, so as to limit the application of this provision for the time being to the Inter-American Highway?

Mr. SPARKMAN. That is a matter which is controlled by the Public Works Committee, I believe. I would much prefer to have some of the members of that committee in the Chamber, to participate in the debate. The Senator from Tennessee [Mr. GORE] was formerly chairman of the subcommittee, but I believe he is no longer a member of it.

Mr. GRUENING. That is true. He was a very effective member of the committee, but he no longer serves on it; he now has moved to the Committee on Foreign Relations.

Mr. SPARKMAN. I do not know who is the chairman of the committee now; but I hope the Senator from Alaska will wait until some of the members of that committee, and particularly the chairman of the Roads Subcommittee, are present.

Mr. GRUENING. I hope the Senator from Alabama will agree to the inclusion in the bill of a provision to the effect that when such roads are built, concomitant training of maintenance personnel will be insisted upon, so that in a year or so these countries will be able to take over. I believe we should at least establish a policy looking in that direction, even if this amendment is not approved.

Mr. SPARKMAN. I feel confident that the Senator from Alaska can obtain such assurances from Mr. Hamilton, the Director of the AID program; and I suggest that the Senator write a letter to him. Of course, we could include in the bill a statement of principle or policy; but it seems to me that these problems should be handled administratively.

Mr. GRUENING. They ought to be. However, as the Senator from Alabama well knows, frequently they are not.

Mr. SPARKMAN. That is true.

Mr. GRUENING. A declaration of purpose by the Congress—although even that is not always respected—does carry a certain amount of weight and authority.

So I believe it desirable, as part of the entire foreign aid program, which, as we know, is to provide economic assistance and educational assistance—for us to indicate to these countries that when we embark on a new activity, such as road-

building, they will be expected at some future time—and at the earliest possible time—to maintain the roads. I believe it important that that be declared as part of our policy, and also that every effort be made by our administrative agencies which have charge of the work to see to it that that policy is carried out. Otherwise, the United States would merely continue indefinitely to provide assistance, but no sense of responsibility would have been inculcated upon the recipient countries.

Mr. SPARKMAN. During the day I shall be glad to discuss this question further.

Mr. GRUENING. I thank the Senator from Alabama.

Mr. DWORSHAK. Mr. President, will the Senator from Alabama yield to me?

Mr. SPARKMAN. I yield.

Mr. DWORSHAK. I should like to ask the acting chairman of the Foreign Relations Committee whether, in the deliberations in the committee on the foreign-aid bill, any reference was made to the acute situation involving the constant outflow of gold and the unfavorable balance of payments, which are placing the economy of our country in dire circumstances.

Mr. SPARKMAN. In the statement I made yesterday I mentioned that subject, although briefly. I called attention to the fact that under the overall aid program, 78 percent of the funds are spent in this country, and practically all the remainder—I refer now to the funds which are spent in other countries—is spent in countries which are greatly underdeveloped.

We do not spend any money in industrialized countries. Furthermore, I invite the attention of the Senator to the fact that under our military assistance program we actually reverse the flow of dollars, because instead of our dollars going there, we get more dollars back. I remember a $335 million item representing the sale of munitions or supplies to those countries. There was a $800 million return, representing purchases in the United States made by those countries. So we actually recoup a good part of that money. I do not have the overall figures. It would be interesting to know what it amounts to, but we recoup a great part of the money.

Mr. DWORSHAK. Will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. DWORSHAK. I point out that we receive assurances, like the one given by the Senator from Alabama, that our economy is making some progress, that we are on the move. He says we are recouping some of our gold, but I invite the attention of the Senator to a statement I received from the Treasury, that in 1961 we had a loss of $857 million in gold outflow. In the first 5 months of 1962 there was a loss. In January there was a loss of $100 million. In February, $52 million; in March, 152 million; in April, $124 million; in May, $60 million. During the first 5 months of this calendar year there was a loss of $488 million.

If that rate of outflow is maintained throughout the calendar year, there will be a loss in excess of $1 billion of gold this year.

Of course, a defense could be made that the foreign aid program contributes to this situation, which to me is even more of a menace than Communist aggression abroad.

I should like to ask the distinguished member of the Foreign Relations Committee, the Senator from Alabama, whether we can continue with this elaborate, very liberal foreign aid program and have a continual outflow of gold, which has reached levels which now constitute a serious challenge, if the American dollar abroad should lose some of its prestige and our creditors should demand payment in gold.

The Senator from Alabama is as aware as I am of this situation. It is a menacing situation to the economic condition of our country.

I should like to have some assurances from the Senator that we can continue blindly putting up billions of dollars under the guise of foreign aid at a time when our financial condition is immeasurably worse, probably, than the fiscal status of any other country in the world today.

Mr. SPARKMAN. I think that is a rather exaggerated statement.

Mr. DWORSHAK. It is in the record.

Mr. SPARKMAN. That is the Senator's conclusion. We hear a great deal about the outflow of gold or dollars from this country. It is rather strange to me that we do not consider the trend. There has been an improvement in the outflow of gold. I join the Senator in his concern about it. I am as concerned as he is about it, but I take comfort from the fact that 3 or 4 years ago we lost, in 1 year, about $4 billion, and in another year $3½ billion——

Mr. DWORSHAK. The Senator is thinking about the balance of payments.

Mr. SPARKMAN. I am talking about dollars. There was an outflow of gold taking place at that time. The outflow of dollars has been whittled down. It is less. So long as we can keep the trend downward, we are making an improvement.

I agree with the Senator that we cannot go on forever with an outflow of gold or dollars—I do not care which way it is captioned——

Mr. DWORSHAK. Dollars are gold.

Mr. SPARKMAN. They represent a call on gold.

Mr. DWORSHAK. Redeemable in gold.

Mr. SPARKMAN. Yes; redeemable in gold.

I have given the figures relating to half of the bill—that is, the military part of it. If the Senator will refer to page 8960 of yesterday's RECORD, he will see reference to this subject. I think it is well to read it here. I am reading from the middle of the paragraph near the top of the middle column on that page:

> The committee was pleased to learn that the net effect on the American economy of the military assistance program is an inflow of gold. This year, $335 million in military air is being spent outside the United States, but the sale of military equipment under the program will return $800 million to the United States. Also, more than $400 million of direct business to U.S. firms will be created by a number of cost-sharing programs that are being carried on under this program.

In the second paragraph there is something to which I wish to call attention:

> The fact is, as the committee report observes, that about 78 percent of all the funds appropriated for fiscal year 1962—

That is the present fiscal year, of course—

> will be spent directly in the United States. And the administration estimates that almost all of the economic assistance not spent directly in the United States will be spent in countries which are the beneficiaries of our aid—as distinct from European countries and Japan.

As I said a few minutes ago, in the administration of this program we see to it that the money that is to be spent outside the United States—and it is only a small amount—is spent in nonindustrialized countries.

Mr. DWORSHAK. Will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. DWORSHAK. If these conclusions and figures are correct, according to the record, one might be justified in assuming that the foreign aid program has not contributed materially to the outflow of gold or dollars.

Mr. SPARKMAN. I am not prepared to say that, and I have not said that, but I have given the Senator the figures as to the present fiscal year, and I rest on those. I am not trying to say anything that in any way would seek to remove the concern every one of us ought to have regarding the outflow of gold and the balance of payments. The situation has been improving over the last year and a half.

Mr. DWORSHAK. Will the Senator yield for an observation?

Mr. SPARKMAN. I yield.

Mr. DWORSHAK. When we go back over a few years, we see that in 1951 the gold stocks were $22,873 million. At the end of May 29, 1962, the gold stocks were $16,435 million, which is a loss of about $6 billion over that 11-year period.

Mr. SPARKMAN. That is correct.

Mr. DWORSHAK. The annual losses were quite heavy. The record I have shows that in 1956 we had a gain in our gold stocks of $305 million. In 1957 we had a gain of $799 million. It is not true that we have had an outflow of gold of $3 or $4 billion a year——

Mr. SPARKMAN. No. I did not say outflow of gold; I said balance of payments.

Mr. DWORSHAK. I want that distinction made.

Mr. SPARKMAN. That eventually goes into an outflow of gold. I said balance of payments.

Mr. DWORSHAK. That is correct.

Mr. SPARKMAN. I said "dollars." I did not say "gold," as the Senator will remember, but I said "dollars."

Mr. GRUENING. Mr. President, will the Senator yield, with respect to the subject of gold?

Mr. SPARKMAN. I yield.

Mr. GRUENING. Is the Senator aware of the fact that there is a bill pending before the Congress, introduced last year by the distinguished Senator from California, Mr. ENGLE, and cosponsored by Senators KUCHEL, CHURCH, CASE of South Dakota, and myself, which

would attempt to improve the gold situation by subsidizing gold mining?

Gold is the only product of industry which, under our free enterprise system, by a strange paradox, is held down by law to the price paid 28 years ago, in 1934. Of course, all costs of operating the industry, including labor and material costs, have increased. In order to meet this situation and to try in part to replenish the supplies of gold in the Nation's gold reserves, the bill would assist the gold miners in a way similar to the way the Government is assisting agriculture, although to no such extravagant extent as our multibillion dollar agricultural program provides.

There has been a hearing on the bill before the Subcommittee on Minerals, Materials, and Fuels of the Committee on Interior and Insular Affairs, of which my good friend from Idaho [Senator DWORSHAK] is a member. There will be another hearing this week, on Friday the 8th of June, at which time we shall question, we hope, the Treasury Department officials and the other departmental officials who reported adversely on the bill, and said, with complete irrelevance, that they could not approve the proposed legislation because we should not raise the price of gold.

The bill would do nothing whatever toward raising the price of gold. The bill would keep the price of gold fixed at exactly the price now in effect, which has been in effect since 1934, $35 an ounce. The bill, however, proposes to subsidize the gold miners for each ounce of gold mined to compensate them for the fact that they cannot increase their prices although they have to pay increased costs, and to enable them to continue in operation.

Does not the Senator from Idaho believe that some measure of this kind might be helpful in respect to stopping the diminution of our gold supply and replenishing the U.S. reserves?

Mr. DWORSHAK. It would not necessarily stop the outflow of gold, but it might increase the gold reserves in this country, if enough gold were mined.

Mr. GRUENING. Does the Senator not think it would be helpful not only to the gold mining industry but also to the strength of our economy, if our gold reserves could be increased?

Mr. DWORSHAK. Probably it would. I have felt that if we could materially curtail Federal spending and prevent the large deficits every year we would be in a stronger financial position, and that automatically would curtail the outflow of gold dollars.

Mr. GRUENING. I agree with the Senator that there are other methods which could be employed. I believe, and hope the Senator will agree, when the time comes—and I hope he will be present at the hearings to help examine the officials who reported adversely on the bill—that the proposal with respect to gold to which I referred at least would be a concrete compensatory step.

Mr. DWORSHAK. Mr. President, will the Senator from Alabama yield for one more question?

Mr. SPARKMAN. I yield.

Mr. DWORSHAK. I am happy to have the assurance from the Senator from Alabama, the acting chairman of the Committee on Foreign Relations, that in the consideration of the foreign aid bill the subject of gold and the balance of payments has been considered. While there may be some improvement—and the record shows a gradual improvement—if the rate of gold outflow established during the first 5 months, through May 29, of this calendar year continues until December, there will be a gold loss of more than $1 billion.

I should like also to invite the attention of the Senator to a table I have received from the U.S. Department of Commerce, which shows that in 1961 our unfavorable balance of payments was $2,454 million.

Mr. SPARKMAN. Yes; that is correct.

Mr. DWORSHAK. I am sure the Senator is justified in saying that perhaps not too much of the blame rests upon the foreign aid spending, which has reached the gigantic total of more than $90 billion since the end of World War II, but certainly it is the responsibility of the committee on which the Senator serves and of the Committee on Appropriations, of which I happen to be a member, and of other committees of the Senate, to thoroughly explore the reasons why the United States is constantly going downhill. We will not bring up the subject of the stock market plunge or the deterioration and eroding of economic conditions in this country, but I am sure the Senator from Alabama will agree with me, if he studies these problems through the committees of which he is a member, that the time has come when the American people are demanding some remedial and effective action to be taken by the Senate and by the House.

Mr. SPARKMAN. I would certainly agree with the Senator that it is a matter we ought to study.

I serve on three different committees which have been rather concerned and interested. I am a member of the Committee on Foreign Relations. I am a member of the Committee on Banking and Currency. I am also a member of the Joint Economic Committee. I have been exposed to the problem pretty well, as the Senator knows.

I share the Senator's concern, but at the same time I firmly believe our Government is doing all it can to check the outflow of gold. I feel that progress is being made, and I am confident that in the long run the situation will work out satisfactorily.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the Proxmire amendment.

Mr. SPARKMAN. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

Mr. SPARKMAN. Mr. President, I withdraw my suggestion.

Mr. THURMOND obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator yield briefly?

Mr. THURMOND. I am happy to yield to the distinguished majority leader.

Mr. MANSFIELD. Mr. President, on behalf of the distinguished minority leader the Senator from Illinois [Mr. DIRKSEN] and myself, I send to the desk a proposed unanimous-consent agreement, which I believe has been cleared all around, and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The proposed unanimous-consent agreement will be stated for the information of the Senate.

The legislative clerk read as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That, effective at the conclusion of Mr. THURMOND's pending speech, during the further consideration of the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 2 hours, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided,* That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further,* That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 4 hours, to be equally divided and controlled, respectively, by the majority and the minority leaders: *Provided,* That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. JAVITS. I have informed the majority leader and the minority leader that on my amendment, the so-called antiboycott amendment, more time will be required. It is entirely agreeable to me to have that time yielded from the time on the bill, and I am sure the Senators will accommodate me.

Mr. MANSFIELD. I appreciate what the Senator from New York has said.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that in the agreement there be substituted in my place as majority leader the acting chairman of the Committee on Foreign Relations, the Senator who is handling the bill, the distinguished Senator from Alabama [Mr. SPARKMAN].

The ACTING PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

The unanimous-consent agreement, reduced to writing is as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That, effective Mr. THURMOND's pending speech, at the conclusion of, during the further consideration of the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 2 hours, to be equally divided and controlled by the mover

of any such amendment or motion and the Senator from Alabama [Mr. SPARKMAN]: *Provided*, That in the event the Senator from Alabama is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 4 hours, to be equally divided and controlled, respectively, by the Senator from Alabama and the minority leader: *Provided*, That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

The ACTING PRESIDENT pro tempore. The Chair recognizes the Senator from South Carolina.

Mr. THURMOND. Mr. President, attempts to justify aid to Yugoslavia or, for that matter, any country under the control of the international Communist movement must be based on fanciful theory and can find no justification in fact. The foreign policy which the United States is presently following has, as one of its basic principles, the theory of fragmentation. This theory, combined with the theory of evolution, is supposed to be the justification for providing aid to Yugoslavia.

In essence, our policy planners' specious reasoning is that the individual nations now under Communist domination will become more and more independent of Moscow as the rising tide of nationalism takes hold. Each will eventually evolve into a peaceful, nonaggressive, Socialist state. It is by this means that the threat of international communism is to be thwarted. Based on this highly speculative theory, which has no actual basis in fact, our policy calls for aiding any Communist country which shows signs of fragmentation in order to speed their independence of Moscow. Since 1948, the year in which Tito is supposed to have split with Moscow, Yugoslavia has been the recipient of approximately $2,279,900,000 in largesse from the people of the United States. Presumably, our policy planners are satisfied that the theory they have concocted is a valid one, but an examination of the facts forces a contrary conclusion.

Our policy planners have a penchant for compartmentalizing the individual Communist nations as aggressive or nonaggressive in accordance with some undefined and undefinable formula of which they alone are cognizant. For instance, Cuba is considered to be an aggressive Communist state, a member of the Sino-Soviet bloc and, therefore, we are committed to check their external aggression in all parts of the Western Hemisphere. However, it is well known that Belgrade is the principal link in the intelligence chain running from Moscow to Havana. Also, there is every indication that Yugoslavia has lent very active support in furnishing arms and technological advice and training to Cuban Marxists. Thus, Yugoslavia is aiding Castro in the export of the Communist revolution throughout South America. Even Under Secretary of State George Ball has admitted in open hearing that Yugoslavia is supporting the export of the Communist revolution, through Cuba, throughout Latin America. And yet, Mr. President, Yugoslavia is not considered to be at the present time either a member of the Sino-Soviet bloc or an externally aggressive state in the sense that the United States is committed to check their aggression.

In 1961, the freighters *Trobovile* and *Gundelec* left San Diego loaded with jet trainers bound for Yugoslavia. It has been reliably reported that at least one of the ships had a port of call in Havana en route to Yugoslavia. There is no way of knowing whether all of these jet trainers arrived at their point of destination since they were not checked by U.S. personnel upon arrival. However, the fact that Cuban Communist pilots have been trained in Yugoslavia lends credence to the belief that at least some of these trainers got no farther than Cuba.

There is intelligence information indicating that Yugoslavia contributes substantially to Communist activities in areas of the world other than South America, including southeast Asia and Africa. The only question which remains unanswered is how the amount of money which Yugoslavia spends in these activities compares with the amount the United States contributes through its foreign aid program to Yugoslavia.

One of the major occurrences relied upon to justify the fragmentation theory is the Yugoslavian action in closing its borders to partisans who were fighting in Greece. According to the State Department, this was a decisive factor in bringing to an end the Communist insurgency in that country. Also, it was thought at that time to be in direct conflict with the wishes of Moscow and, therefore, indicated a split between Yugoslavia and the U.S.S.R. A recently published book brings to light certain considerations which bear on this conclusion. The book to which I refer is "Conversations With Stalin" by Milovan Djilas. On May 14 of this year, Djilas was again sent to prison by the Communist government of Yugoslavia for divulging "official secrets" in this book. One of the conversations between Djilas and Stalin related in this book took place on February 10, 1948. Djilas had this to say about Stalin's comments on the Communist insurgency then in Greece:

> Stalin then turned to the uprising in Greece. "The uprising in Greece has to fold up." (He used for this word "svernut," which means literally "to roll up." "Do you believe"—he turned to Kardelj—"in the success of the uprising in Greece?"
>
> Kardelj replied, "If foreign intervention does not grow and if serious political and military errors are not made."
>
> Stalin went on, without paying attention to Kardelj's opinion: "If, if. No; they have no prospect of success at all. What do you think, that Great Britain and the United States—the United States, the most powerful state in the world—will permit you to break their line of communication in the Mediterranean Sea? Nonsense. And we have no navy. The uprising in Greece must be stopped, and as quickly as possible."

This conversation reveals that, far from deviating from the international Communist line, Yugoslavia closed its borders to the Greek partisans in accordance with the wishes and direct order of Stalin. Perhaps this is one of the reasons for the conviction of Mr. Djilas. Through his book the United States is afforded the opportunity of reevaluating the principal occurrence which originally indicated some break with Moscow.

Another factor which is pointed to in an attempt to justify the claim of fragmentation as it applies to Yugoslavia is their United Nations voting record. This has been used by State Department officials on many occasions when testifying before congressional committees. However, Mr. President, Yugoslavia's U.N. voting record has adhered closely to that of the U.S.S.R. and other Communist countries when questions affecting the international Communist movement were voted upon. On December 12, 1958, Yugoslavia voted "no" on the 37-power resolution condemning continued defiance of General Assembly resolutions on Hungary. Although the resolution was adopted by a vote of 54 to 10, the entire membership of the Communist bloc voted against it. Again on December 9, 1959, Yugoslavia voted "no" on the 24-power resolution deploring continued U.S.S.R. and Hungarian disregard of General Assembly resolutions on the Hungarian situation. Again the resolution passed by a vote of 53 to 10 with Yugoslavia and the entire Communist bloc the only ones in opposition. Throughout the entire period of the Hungarian uprising Yugoslavia lent tacit approval to the slaughter of the freedom fighters by a total and obvious lack of criticism. They maintained strict adherence to the Communist line and unflinching loyalty to the international Communist movement.

Milovan Djilas' own personal criticism of both the Hungarian and the U.S.S.R.'s brutal tactics in Hungary constituted one of the major charges which Yugoslavia had against him in one of his trials. By displaying open contempt for the handling of the Hungarian uprising, he was deviating not only from Hungary and U.S.S.R. policy, but necessarily from Yugoslavian policy at the same time. The conviction of Mr. Djilas reaffirms the fact that at the present time Yugoslavia is adhering strictly to the policies emanating from Moscow and being implemented by all Communist regimes.

On the many other matters which have been up for vote in the United Nations General Assembly, my research has failed to reveal any question of a political or security nature in which Yugoslavia voted with the United States and against the Soviet Union. The only instance of significance in which the Yugoslav delegate to the United Nations voted with the United States and at the same time against the Soviet Union was with regard to the resolution appealing to the U.S.S.R. not to explode a 50-megaton bomb. This was Resolution No. 1632 and the vote took place on October 27, 1961. Yugoslavia voted with the Soviet Union and against the United

States on approximately 21 separate votes in the 1961 United Nations General Assembly. These included the item on Tibet, the item on Hungary, against the U.S. resolution not to seat North Korea, against the resolution denominating the Chinese representation question as an important question, and for the Soviet resolution to seat the Chinese Communists. On all questions of any importance to the international Communist conspiracy, Yugoslavia voted with the U.S.S.R. and the rest of the satellite countries.

Recently I had the opportunity to view a film which was an interview with Tito by Edward R. Murrow. Although this film was made in approximately 1956 it is not available to the American public. Although it contains nothing which should be of a classified nature it has been kept secret and its existence is not generally known. In this film the whole tenor of the statements made by Tito reaffirm his dedication to communism and his belief in its eventual goal of world domination. In response to the request that he describe the basic difference between communism in Yugoslavia and communism as practiced in the Soviet Union. Tito said:

These are not big, ideological differences. They are not too big. We have the same aims—that is to say, the building of socialism and communism.

Mr. President, Tito readily admits that his eventual goal is exactly the same as that of the Soviet Union, and yet our policy planners do not have the fortitude to face up to his warning. The goals of communism are well known. It is their intention to engulf the world with their insidious and atheistic way of life and snuff out the last flickers of hope for free people everywhere.

Tito explained his foreign policy as one of coexistence. At the same time he states flatly that he is in complete accord with Mao Tse Tung. He reiterates what he terms as "my point by point" agreement with Mao. Without a doubt the coexistence of which Tito speaks is the same as that practiced by the U.S.S.R. under Khrushchev. This is the type of coexistence which has enabled them to take over some 15 countries since the end of World War II, Cuba just a few short years ago, and now has put Laos practically within their grasp.

For years now when this question of aid to Yugoslavia has been raised on the floor of the Senate, the defense has been made that our aid to them was reaching the critical stage. To have denied it at any one of those particular times would have undeniably meant complete domination of Yugoslavia by the U.S.S.R., so the proponents of aid to Yugoslavia have said on each occasion. No doubt that argument will be made now, and will be persuasive upon some people. However, all of our millions of dollars have not brought about the evolution of Yugoslavia into a peaceful, nonaggressive Socialist state or its fragmentation from the Soviet bloc as this aid was intended to do. Rather, the United States has been contributing, and contributing substantially, to its own downfall by supporting economically a government whose leader reaffirms his dedication to the eventual overthrow of our way of life. I cannot stress strongly enough my opposition to giving aid to Yugoslavia or any Communist-dominated country. Therefore, I intend to support the amendment offered by the Senator from Wisconsin [Mr. PROXMIRE] and urge all Senators to do likewise.

If any Senator has any question about any statement I have made here today, or challenges any statement I have made, I would like to have him do so at this time, and I shall be pleased to answer his questions.

Mr. President, I commend the Dallas Morning News for its attention to foreign policy decisions and its untiring efforts to point up the importance of a strong, imaginative foreign policy dedicated to the principle of victory for the free world over the forces of world communism. I have always felt that our people need to know more of the intricacies of foreign policy, because in the end it is the American people who are going to have to get our foreign policy back on the right track, if it is going to be effective for freedom.

An excellent editorial which appeared in the Dallas Morning News of June 1, 1962, entitled "Schizoid Foreign Policy," is worthy of attention of the American people, and I shall now read it as follows:

SCHIZOID FOREIGN POLICY

It is becoming increasingly difficult these days to make any real sense out of American foreign policy. The only consistency seems to be an inconsistency in different parts of the world. At least two tendencies are glaring.

While the President and his State Department advisers sometimes talk a good or hard line, their actions usually are different.

In many areas of the world our policies are self-defeating; they work against other policies and actions in the same areas.

Southeast Asia is a perfect example. The President has declared time and again that our purpose is to save Southeast Asia from the Communists at all costs. He has sent troops to Thailand and South Vietnam to achieve that purpose, and his actions in this respect are commendable.

But at the same time, the State Department is doing nothing to support the pro-Western government in Laos. In fact, it is undermining that regime, trying to force it into a coalition government with the Communist faction. This inevitably will result in the surrender of Laos, and that will make our position in Thailand and South Vietnam less tenable.

The same self-defeating policies have been pressed in Berlin, which we are pledged to defend, but which is being undermined by our offering of concessions to the Soviets and East Germans.

In the past 2 weeks, two more examples of this double-jointed approach involve Indonesia and British Guiana.

Indonesian President Sukarno is bent upon seizing West New Guinea from an old and faithful ally of the United States, the Netherlands.

The United States—which should be siding with the Netherlands—is doing nothing better than sending an intermediary, a retired diplomat, to smooth things out but not to take sides. This is one side of the picture: neutrality.

However, we have not been neutral. Just last week the State Department admitted that in the past few months the United States has been sending such military equipment to Sukarno as brandnew U.S.-manufactured vessels mounted with five heavy machineguns.

With reference to British Guiana, which is soon to become independent, the State Department is pursuing an equally schizophrenic course. The Prime Minister of British Guiana is Cheddi Jagan, who has been described as "an English-speaking Fidel Castro." The State Department admits it is worried about Jagan.

Charles Keely of the Copley News Service, in a dispatch in the News on May 21, said the State Department will try to block the admission of British Guiana into the Organization of American States when it becomes an independent nation.

The story has not been denied, and it fits in with other statements made by State officials concerning their fear of a new pro-Communist regime in the hemisphere.

But here again, this is just one side of the picture. On the other side are some cold, hard facts and figures: Mr. Jagan is about to be given $200 million by Uncle Sam.

Other examples of State Department duplicity and stupidity could be cited in virtually every part of the world. But these show that we have been lighting the candle at both ends. Sooner or later we're going to be burned badly.

COMMENCEMENT ADDRESS DELIVERED BY HON. RICHARD B. RUSSELL, OF GEORGIA, AT THE CITADEL, CHARLESTON, S.C.

Mr. THURMOND. Mr. President, on last Saturday, June 2, The Citadel—the military college of South Carolina—held its graduation exercises at which time the distinguished senior Senator from Georgia [Mr. RUSSELL] made the commencement address and was awarded a doctor of laws degree.

Senator RUSSELL's profound address merits the attention of all Americans. I particularly wish that the members of all graduating classes across our great land could have heard the eloquent discussion of the sound constitutional principles of government which he enunciated in his address. I was particularly impressed with his discussion of the separation of powers of the three branches of government and the division of power between the States and the National Government. Also his warning against world government and unilateral disarmament and his statements in behalf of a strong military establishment and a firm foreign policy drew enthusiastic response from the approximately 1,500 persons who were present for the graduation exercises at The Citadel.

Mr. President, I ask unanimous consent that this magnificent address be printed at the conclusion of my remarks.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

COMMENCEMENT ADDRESS DELIVERED BY HON. RICHARD B. RUSSELL, OF GEORGIA, AT THE CITADEL, CHARLESTON, S.C., JUNE 2, 1962

General Clark, members of the board of visitors, members of the faculty, graduates of 1962, ladies and gentlemen, it is indeed a high privilege to share the honors and the pleasure of this occasion with you.

The Citadel has made many contributions in almost a century and a quarter of service.

Her sons were among the first and most heroic of the defenders of the Old South. For almost a century now they have been in the van of builders of the New South. When our common country has been threatened, men from The Citadel have distinguished themselves in its defense.

To my fellows who will receive degrees from The Citadel in 1962, I extend congratulations and best wishes. The achievements of the class of 1962 commemorated today are the result of determination and hard work.

The formal education and the training in citizenship and service that you have received in these hallowed halls are priceless assets that cannot be taken from you.

Although monetary gain should not be the principal objective of education, it must be pleasant for you to contemplate that the 1960 census supports the conclusion that the difference between 4 years of college and a high school education amounts to the considerable sum of $178,000 over a lifetime.

Some of you doubtless plan a continuing period of study and learning. Today's world is so complex and presents so many problems that many college graduates are finding it desirable to look beyond their bachelors degrees to fields of specialized training.

These complexities rule out any attempt to lay down a pat formula for success in life. Indeed, there is no commonly accepted measure of success in life—this is a personal and highly subjective concept. The standard of many is relative material gains. For others, success means following a stimulating and satisfying vocation. Still others place emphasis on service and sacrifice. One of the vital functions of education is to provide the ability to weigh conflicting and competing considerations in order to select the combination best adapted to each individual's standard of values.

Nor would I dwell extensively on the dangers of the present day. We all know that these dangers exist and that many of them are immediate and formidable. I am sure that the training that you have received here enables you to recognize these dangers and generates the courage to join the battle against them.

Each generation of humanity has had its troubles and each probably deemed their problems the most pressing mankind has known.

Other eras have known international conflict and internal turmoil.

However, this generation is the first to live under the threat of a rain of nuclear explosions from the far reaches of outer space.

The efficiency of modern communications causes us to live constantly with our problems. We are not permitted to forget them for a single moment.

But newspapers, magazines, television, and radio also give all citizens—college graduates and nongraduates alike—the opportunity to be informed of current events.

But it is not enough to be only well informed. The people of a truly great nation should also be contemplative and wise.

Wisdom comes not by information alone, but by experience in the use of that information.

A large part of this class will be entering on active duty with the Armed Forces. That you elected a college having a military regimen is evidence of your good judgment in appreciating the many desirable characteristics that such a life can impart. Acceptance of constituted authority, physical and mental discipline, and esprit de corps are traits taught here and in the Armed Forces. From the performance of earlier graduates of this institution, I would like to think that you regard military service as an opportunity to be cheerfully entered upon, instead of a burden to be grudgingly borne.

To me the most important conclusion to be drawn from today's state of world affairs is that we must be militarily strong. The values of an education, the blessing of governing ourselves, the enjoyment of the products of our immense industrial capacity, and life itself all depend on our ability to defend ourselves successfully.

Force in international relations is resorted to only when nations have been unable to adjust their differences peaceably. The primary objectives of the foreign policy of any free nation is to maintain peace. If a nation and a people are not free, they have less to lose from war and, thus, are less responsible in their conduct of international relations.

The conditions that makes your military service important were not created by the United States. Despite the realization that we did not create them, we in the United States have more to lose in the form of resources, liberties, and system of government than any other nation. The defense of the non-Communist world should be a cooperative effort. If our contribution to the defense of the non-Communist world seems disproportionate at times, and I am one of those who think that it does, we still should persevere in the knowledge that our blessings are worth defending by ourselves if necessary. But we do not have to help those who will not help themselves.

The conduct of foreign relations is a difficult task requiring, among other things, patience, intuition, tact, and resourcefulness. There are too few absolutes in this area. The choice is often not between the right and wrong, the good or the bad; more frequently it is between degrees of right and wrong.

One of our great difficulties is that too frequently it is between degrees of right and wrong.

One of our great difficulties is that too frequently the choice has been between supporting the status quo and communism. The latter is unthinkable, but to the natives the status quo has meant a few very rich and many unbelievably poor, with very little hope of improved economic opportunity for the many. To people who are hungry and who have nothing to lose economically it is futile to argue the insidious nature of communism. Unless they have something to lose, they do not fear a change.

We must offer some hope of improved economic opportunity to the masses in the underdeveloped and newly emerging nations but experience has demonstrated that a foreign policy based in large part on gifts is not the answer to the problem of creating good will toward our country.

Beyond the economic problem in these countries, nations do not develop the competence to govern themselves overnight. In their zeal to defend against charges that the United States was supporting colonialism, some of our diplomatic representatives have been too eager to discredit the old and to embrace the new, regardless of any lack of rapport between the new and our own national objectives. Nations, no less than individuals, act from self-interest; our adversaries know this and the so-called neutrals know it. Any failure by the United States to act in its own self-interest is surely considered a sign of weakness by them.

The effectiveness of the United Nations has been keenly disappointing in recent years. I have hopes that it may receive new vitality, but this is not likely to happen if the United Nations continues to apply one rule to the strong and another to the weak. The power of a single member of the Security Council to veto action enables the Soviet Union to inhibit efforts to discourage aggression. For a time, the General Assembly was more effective, but the numerical disadvantage that the anti-Communist world is approaching in the General Assembly as a result of the precipitate admission of so-called new nations is a disquieting consideration.

Some criticism of the United Nations is based on the faulty assumption that its organization and functioning are comparable to the structure and powers of our own Government. Obviously, this is untrue. At this stage in history, I think it would be extremely unwise for the United States to yield sufficient sovereignty to permit the United Nations to become a supreme government on earth or to depend upon this body for our security.

International reaction to the resumption of nuclear testing in the atmosphere by the Soviet Union last fall was strange, to say the least. It was audacious enough for Russia to demand that we not resume testing after they broke the moratorium and completed their testing. The surprising element was that many of the so-called neutral nations, whose survival as independent countries unquestionably depends on the military strength of the non-Communist world, not only failed to criticize the Soviet action, but also joined in the clamor that we should not resume testing. We can be thankful that the President was unmoved by these urgings.

The preoccupation of the Russians with secrecy continues to be the chief obstacle to an agreement on atomic testing and arms control. From the experience we have had with Russia since World War II, it would be folly to enter into an agreement with them without foolproof inspection and enforcement. It should not be any surprise to the leaders of the Soviet Union that we are concerned about being tricked. They have given us much basis for this apprehension. Indeed, not in a single instance where their self-interest dictated otherwise have they given cause for reliance upon their word in any matter.

Although members of this year's graduating class are starting their careers at a time when weapons of destruction and the potentiality of catastrophe are at an all-time high, they are also making their beginning when the opportunity for constructive service and human comfort is at a peak.

The capacity to produce in this country is virtually unlimited. Houses, automobiles, food, and clothing are abundant.

Improved highways and jet air travel facilitate business and offer new recreational opportunities.

Progress in medical sciences and construction of hospital facilities are reducing pain and lengthening life.

College enrollments are increasing as more people have the means to finance education and as more realize that college means not only an improved standard of living, but a more satisfying life and further progress for the individual and for the Nation.

But production and consumption are not ends in themselves. In our quest for the goods and services, the health, and the leisure that contribute to comfort, let us not lose ourselves in immediate pleasure and fail to invest something in the future. Just as an individual should save a part of his income, so should a nation devote a good part of its abilities to long-range objectives and investments.

A related question is whether a person should make happiness his overriding objective. The answer should be "No" if happiness is measured in terms of consumption and indulgence. There is adequate reason to believe that the most deeply rewarding activity is that which contributes to the progress of our fellow man. Perhaps real happiness is the realization that the world is different, if only slightly, and better for your having lived in it.

Among the blessings I would urge you not to take for granted is your system of government.

ravaging of mountain chains for temporary gain is impermissible.

If the southern Appalachian chain is a major coal resource, it is also a major timber resource. But besides coal and timber, it is also potential recreation space. All values involved must be put into balance. This would not deny special priority to the most logical use. It would, however, deny that such use automatically precludes preservation for other uses and values.

The Outdoor Recreation Resources Review Commission has reported at some length upon the need for multiple land use. It has urged that wherever possible, economic development and recreation go hand-in-hand. It has pointed out, for example, that farmlands removed from cultivation because they are not needed now can be a valuable recreation resource.

In many cases, full economic exploitation and recreation are not exclusive. This could be true in both public and private forest lands. It could be true in certain kinds of mining. In other cases, one use or another may have to be subordinated. In some instances, the utilization of land for one thing virtually excludes its use for others. The important thing is to have multiple use within the bounds of reason and under proper control wherever this is possible. Certainly, controlled multiple use is possible within the national domain.

Our great national forests are a case in point. Over 70 percent of the potential recreation land within the national domain lies within the jurisdiction of the National Forest Service. Last year, there were 102 million visits to established recreation areas within these forests; this year, 115 million are expected.

Chief Forester Edward P. Cliff has reported that existing national forest recreation facilities are overused up to 70 percent on peak days. This means that more of our national forests must be opened up to recreation. It means greater multiple use for these lands, both the grasslands and the forests themselves. The national forests are an asset of increasing national importance and we are fortunate that they remain within the public domain. Because of this, we will be able to control the use made of these lands. Inevitably, population pressures will mean greater use for recreation purposes and as a source of raw materials. Demands for ever higher living standards mean more cutting of timber, oil well drilling, livestock grazing and water power development. The important thing is that we will be able to control this development, so that rational patterns will be maintained. Cliff was recently quoted as saying that there "isn't enough land in the whole world to have every interest have all the land it wants to be used in the way it thinks best."

This may be true, since the appetite of each special use group tends to be insatiable. But there is enough land left in America to assure that every legitimate interest will have a fair share. We have not yet passed the National Wilderness Act, but we have set aside areas as wilderness. Here, we have established a special priority for a relatively small share of the public domain. I would not have it otherwise. Wilderness is all-exclusive. It could not be wilderness if it were disturbed by manmade facilities. At most, we can permit trails within these lands, but that is all. We can well afford to permit the small share of our heritage represented by wilderness to remain forever wild for the generations yet to come. In this case, the very definition determines the sole priority.

But our biggest problem, as I indicated earlier, comes in the case of our national parks and our national seashores. I am convinced that only when we permit limited secondary use of the lands within the national parks and seashores—limited secondary use under strict control—can we expand our park system to the extent necessary to meet our growing needs for outdoor recreation.

Whenever there is talk of an added park, mankind's narrowest interests seem to come into play. Always, it seems, parks stand in the way of commercial progress, no matter how remote the area may be or how unproved its resources. Having sponsored the Canyonlands Park bill, I speak from firsthand experience. But if we permit intelligent secondary use of resources within our park areas—recognizing the priorities established by the National Park Act—we will have removed much of the opposition to an added store of park lands.

The concept of our national park lands and their use has changed since the relatively uncrowded days when the Park Act was passed. If we had stuck with the initial concept, we could not have had Cape Cod. Indeed, we might not even have had Hatteras or Everglades. In the former, we have agreed to let homeowners continue to remain in residence. In the latter, we permitted commercial development in limited degree upon the very fringes of Hatteras and oil drilling in Everglades. In all cases, however, the primary purpose of the Park Act has been served.

Our changing society is making essential new concepts regarding all land use and this holds true for our national parks. This was made clear in the report of the Outdoor Recreation Resources Review Commission, which stressed multiple use wherever possible. The objective in our park areas must be in keeping with the law itself. Once this objective is assured, controlled use of the lands for other purposes becomes consistent with the purposes of the law.

The National Park Act states clearly that the scenic and historic wonders and wildlife shall be left unimpaired for the enjoyment of future generations within the confines of the national park system. It does not say that controlled timbering to improve the forests shall not take place. It does not say that there shall be no grazing or mining of any kind.

The top priority has been spelled out in the act, and I, for one, will defend it with all my strength. It was in recognition of this priority that I introduced limited and controlled secondary use in my Canyonlands Park bill. I did this both to minimize the impact of vocal opposition and for other reasons that make sense within the context of the proposed park's boundaries.

The carrying capacity of the foliage within Canyonlands makes a controlled hunt essential. The available foliage simply will not support the wildlife of the area, which will starve unless thinned by the hunt. Predators have all but been eliminated.

The only real question is whether this shall be a controlled hunt in which outdoorsmen participate under overall direction of the Park Service, or whether it shall be a form of scientific butchery by members of the Service. Despite the purists who agree that the wildlife stock must be periodically thinned out, I see no violation of the spirit of the Park Act in the limited and controlled hunt. That sportsmen will benefit is all to the good.

Obviously, grazing that will crowd out the tourist and destroy the values of a park cannot be permissible. But controlled grazing in areas of a park not normally given to large-scale tourism, is another matter. The same things is true even of timbering. Where cutting of trees will help preserve the health of a forest within a national park area, it is all to the good. Obviously, it cannot be permitted to destroy the forest.

In the Great Basin National Park bill, a new departure has been made. Here, in this Nevada desert country, it is proposed to permit limited mining for scarce beryllium. But the bill clearly states that the Secretary of the Interior may prescribe general regulations for the control of these activities "as he deems necessary to preserve the scenic, scientific, and recreation values of the area."

This means mining only where there is no conflict with the intent of the National Park Act. Certainly we cannot permit our parks to become mine dumps. Nor can we permit, scenic, scientific, historic, or recreation areas to be destroyed. But within these limits—and with good sense—we can make use of the lands for mining where it serves the national interest.

Secretary Udall said, in testifying for the Great Basin bill, that "it is quite obvious with regard to the interests of different groups in multiple use of some of our land resources, that we are going to have to make what I call creative compromises in terms of getting new areas added to the national park system."

I am in full agreement, distressing as that might be to purists. I am not advocating changes in the terms under which any present park exists. But in each future park, there must be a weighing of all values. This is particularly true in the West, where economic development must take place where the resources exist.

I think the kinds of creative compromises that are required can be worked out. And, let me stress, creative compromise does not mean surrender to narrow interests at the expense of public interest.

It does not mean abandonment of basic premises; but it does mean reexamining cherished formulas; it does mean reevaluating traditional assumptions; it does mean facing up to today's world and tomorrow's needs.

At Point Reyes in California, A.T. & T. and R.C.A. maintain important transmitters that are a vital part of the Nation's communications system. There is no contradiction in permitting these stations, which are not unsightly, to remain within the confines of the proposed Point Reyes National Seashore. We are not removing the Coast Guard's Highland Light from Cape Cod, because it is essential to navigation. The same holds true for Hatteras Light, which has become a great attraction within that national shore. The principle is the same at Point Reyes because the existence of the transmitters does not alter the other key values of the proposed shore.

In establishing Point Reyes, certain other private commercial activity will be permitted. Allowance would be made for existing dairy activity and for expansion in villages which will serve the park area, and which lie within it. But 33,000 acres of forests and shores would be exclusively for park use. Inclusion of nonexclusive acreage will make it possible to obtain the kind of land management needed to protect the entire area.

At Padre Island there is oil, and the question has rightly been raised about the effect of drilling upon a national seashore. Without doubt the problems posed are more difficult than those at Point Reyes. But the Interior Department is of the view that conflict can be minimized under adequate controls. It has proposed a cooperative effort that will permit commercial exploitation without major impairment of the scientific and recreational values of the area. It is essential that a creative compromise be worked out so that the scenic, recreational, and scientific values involved can be saved for the Nation before the island is despoiled by uncontrolled commercial encroachment. Already, the bulldozers of the developers have started to eat up the area.

It has been said that multiple use of park lands is surrender, and that it will reduce these lands to the same status as national forests or recreation areas. This is untrue on its face. Our national forests do not necessarily contain scenic, scientific, or recreational values that must have top priority. Recreation is a secondary use, and so is scenery. National forests are a matter of conservation.

National recreation areas are generally manmade—resulting from the damming of rivers. Far greater commercial exploitation is permitted within them than would be true in the secondary use of national park lands. Further, recreational areas are usually created after other scenic or commercial values have been destroyed—as at Glen Canyon or Grand Coulee, where power and flood control are the key values.

Mr. Conrad Wirth, Director of the Park Service, is to be commended upon the job that he and his associates have performed. But, devoted though he is to the Park Service, Mr. Wirth has admitted that if Congress agrees to secondary use of park lands, consistent with the purposes of the National Park Act, the Service can manage the lands that way, and in the public interest. As Mr. Wirth has pointed out, most of the land in the national parks has no value other than those of scientific and scenic worth. Only a small part could or would be affected by multiple use. This was the gist of Mr. Wirth's testimony on the Canyonlands bill.

America's great scenic values and natural recreation space must be saved for the people. If this can best be done through creative compromise, this is the approach we will have to take. Our land and resources are limited, but we still can add substantially to the national park system. Let us proceed with this great creative task while time permits.

We will have to work out equitable compromise to do so. But let us plan now, before panic creates impossible conditions. If we move ahead on this basis, our compromise will not be surrender. It will, instead, serve the best interests of an America still beautiful, and still possessed of a grandeur beyond compare.

Mr. METCALF. Mr. President, will the Senator from Utah yield?

Mr. MOSS. I am happy to yield.

Mr. METCALF. I wish to compliment the Senator from Utah for pointing out that in our future development of parks we must have additional multiple use. It seemed to me that the point was very well demonstrated in the Canyonlands hearing in which we both participated. I would be very strongly opposed to having Glacier National Park set aside for a multiple use or to permit additional uses such as mining in that area, which is already established. I would also be opposed to such development in Yellowstone Park.

But such uses have grown up in the additional areas we have named. Grazing, mining, and lumbering have developed. If we are going to extend our park system, as I believe we must, we must recognize that we have a different situation today in, for example, Canyonlands than the situation we had when Yellowstone National Park or Glacier National Park was created. In recognizing that difference we must try to preserve as much as possible of the natural beauty and recreational facilities available in those areas, and yet give people an opportunity to develop the uses they have established in those areas.

Mr. MOSS. Mr. President, I thank the distinguished Senator from Montana [Mr. METCALF], who was chairman of the subcommittee during part of the hearings on Canyonlands. I know his understanding of the problem, and I certainly appreciate his comments on my remarks today.

Mr. YARBOROUGH. Mr. President, will the Senator from Utah yield to me?

Mr. MOSS. I am happy to yield to the distinguished Senator from Texas.

Mr. YARBOROUGH. I wish also to express my appreciation for the Senator's distinction between park lands to be acquired in future and the old established parks.

The PRESIDING OFFICER. The additional time granted to the Senator from Utah has expired.

Mr. YARBOROUGH. Mr. President, I ask unanimous consent that the Senator from Utah may have an additional 1½ minutes.

Mr. SPARKMAN. Mr. President, I yield an additional minute to the Senator from Utah in order that he may yield to the Senator from Texas.

Mr. MOSS. I thank the Senator.

Mr. YARBOROUGH. Mr. President, the multiple use program for newly acquired lands has been well illustrated in the bill that passed the Senate and is now pending in the House which would provide for the creation of the Padre Island National Seashore Recreational area. The distinguished Senator from Utah [Mr. Moss] held very comprehensive hearings on that proposal in Corpus Christi, Tex., in December of 1959. There are very valuable oil lands in the area covered by the bill which passed the Senate. The bill provides that the minerals under the proposed park could be developed without spoilation of the recreation area. The bill provides for multiple use, and demonstrates that some of the land is so valuable for minerable purposes, it would be difficult to purchase the area for park purposes, if, in doing so, the under-surface minerals had to be purchased.

In the hearings and the recomendations made at that time, the distinguished Senator from Utah illustrated how, in acquiring additional areas in the future, multiple use can be contemplated without destroying the potentiality of proposed parks. After the underground minerals are produced, all the land will be available for park purposes for future generations. I thank the Senator.

Mr. MOSS. I thank the Senator from Texas for his comments.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum; and I wish to announce that the time required for the quorum call will be taken out of the time available on the pending amendment.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SPARKMAN. Mr. President, I ask unanimous consent to dispense with further proceedings under the quorum call.

The PRESIDING OFFICER (Mr. SMITH of Massachusetts in the chair). Without objection, it is so ordered.

AMENDMENT OF THE FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. PROXMIRE. Mr. President, yesterday the distinguished Senator from New Hampshire [Mr. COTTON] joined me as a cosponsor of my pending amendment, which would suspend aid to Yugo-

slavia for 1 year. I ask unanimous consent that the name of the junior Senator from New Hampshire [Mr. MURPHY] be added at the present time as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

How much time does the Senator from Wisconsin yield to himself?

Mr. PROXMIRE. I yield myself such time as I may require.

Yesterday I quoted from a speech which Tito had made in Belgrade on June 11, 1956. I wish to emphasize that speech once again with a short quotation from it. What Marshal Tito of Yugoslavia, the Communist dictator, to whom we have given over $2 billion in aid, and who is eligible for aid in the program now before the Senate, but whom my amendment would exclude, said, was this:

> Yugoslavia, in time of war, as well as in time of peace, marches shoulder to shoulder with the Soviet people toward the same goal—victory over the enemies of socialism.

Mr. President, if that means anything, it means that if there is war, Yugoslavia will be on the side of the Soviet Union and against us. I challenge anyone to give any quotation from anything Tito has said which in any way changes or retracts or modifies that statement in the slightest. I believe I can show conclusively that in the ensuing years Tito has not drifted away from Soviet communism; on the contrary, as a matter of fact, Tito has come closer and closer to the position of Russian communism and has become more and more critical of the free world, particularly the United States of America.

Tito's report to the seventh congress of the LCY, the Communist Party of Yugoslavia, in April 1955, was a complete retraction of his earlier statement to the seventh congress 5½ years earlier. It was on the basis of the earlier statement that the program for aid to Tito developed, as well as on the basis of his assistance to us in 1948, when he was of real assistance in our battle for the freedom of Greece and Turkey.

But in April 1958, Tito charged that the Western Powers had forged NATO as an instrument of world domination, thus provoking the formation of what Tito called the defensive Warsaw Pact.

Again in April 1958, Tito attacked the Western trade embargo against Socialist countries—that is, the Soviet bloc. In the same year, 1958, Tito accused the West of drawing a strategic noose around the U.S.S.R. and the Communist bloc.

This was the kind of talk that we hear from Khrushchev. Tito has consistently alined himself, year after year, with Khrushchev, ever since 1955. He has come closer in the last few months than ever before.

At the same time, in 1958, Tito accused the West of interference in the internal affairs of people's democracies engaged in building what Tito called a new social order, meaning Communist government.

Tito said that Yugoslavia's relations with the U.S.S.R. have continuously improved, and are continuously improving. All this means that Tito would go along with Khrushchev, while he could not go along, for personality reasons, for power reasons, and for ego reasons, with Stalin.

The program of LCY, the Communist Party of Yugoslavia, in 1958 stressed another point which is extremely important. Yesterday the distinguished senior Senator from Iowa [Mr. HICKENLOOPER] said that the important distinction is whether a dictator is interested in world domination, whether he is interested in exporting his country's ideology.

Well, Mr. President, the LCY program of 1958 stressed the concept of "proletarian internationalism." This opposes any idea of national communism, which was explicitly rejected in the program of 1958.

In the second place, it showed Yugoslavia Communists as faithful believers in the Marxist-Lenin credo that "humanity was moving deep into the era of socialism."

Furthermore, it emphasized that Yugoslavia was ready to lend a militant hand to encourage the world communizing process.

Mr. President, Yugoslavia is not a country that wishes to go its way and develop according to its own desires, and not bother its neighbors. Tito said in 1958, and he has said it repeatedly since then, that the mission of his government is to help lead the effort toward a Communist world in a militant fashion.

Of course it is true that Tito is not as warlike as Khrushchev or as Mao, and for a very good reason. It is true that Tito does not rattle nuclear missiles, because he does not have any. It would be ridiculous for Tito to indicate that he is interested in going to war against the United States of America.

Yugoslavia is a little country, relatively speaking. Short of that, however, I defy and challenge anyone to say that there is any real difference between Tito's position and Khrushchev's position.

In the last 3 years, especially in his address before the United Nations on September 22, 1960, and in his address before the Yugoslavia Parliament on December 26, 1960, Tito leaned heavily toward the Moscow-U.S.S.R. foreign policy.

The embrace of Soviet foreign policy has never been warmer than in his speech before the Belgrade conference of nonalined nations on September 3, 1961. As we all know, that was only 2 days after the Soviet Union had broken the moratorium on nuclear testing. It was the testing of the dirtiest bombs that had ever been tested up to that time. At that time, Tito in his speech did the following:

In the first place, he endorsed Khrushchev's proposal on general disarmament, and he derided the United States "fetish of controls and inspections." This is the dictator to whom we are asked in this bill to authorize substantial additional aid.

In the second place, he expressed "understanding"—these are his words—of the reasons invoked by the Soviet Union in resuming atomic testing in the atmosphere. The understanding was that France was continuing to test. Of course, that is obviously ridiculous, in view of the primitive stage of France's atomic development, as compared with the impressive development of the nuclear potential in the Soviet Union.

Yet we are asked to give aid to this Communist dictator.

In the third place, he endorsed the thesis of two German states, one of which was, as he put it, acquiring a "more outspokenly new social character." That was East Germany, of course. The other, West Germany, he said, featured "a typical capitalist social system pregnant with interwoven remnants of fascist and revenge conceptions and tendencies." Of course, this was Tito's characterization of West Germany.

This is exactly the kind of Communist-Russian propaganda which Khrushchev has been dishing out in his attacks on the West. Tito in his most recent major speech has said exactly the same thing as Khrushchev. Yet we are asked to give aid to this Communist dictator.

In the fourth place, Mr. President, Tito in his speech asked for modifications of the role of the Secretary General of the United Nations, suggesting that he be downgraded to a simple "administrative functionary of the U.N. without independent political competency."

This is exactly the kind of thing that Khrushchev was asking for in his bid for a troika. Incidentally, that proposal was overwhelmingly defeated.

In the next place, Tito has praised the "unanimous resistance of the Cuban people against the aggressive intervention" of the United States supported Freedom Fighters the preceding April.

Yet we are asked to give aid to Tito, who is supporting Castro and is supporting Khrushchev as explicitly and clearly as he can. We are asked to provide hard-earned taxpayers' money for assistance to Tito.

Mr. President, let us take a look at Tito's so-called independence of the U.S.S.R., and especially at the international influence of Titoism and the international effect of the aid we are giving to build up this dictator.

It is said that we should play along with Tito, even though he is a Communist, because he is alined with the neutralist bloc; that there is developing a split in the Communist world. Let us take a look at what he is doing with these so-called neutralist countries.

In December 1954, Tito visited Burma and India. In December 1958, Tito visited Burma and India again; also Ceylon, Ethiopia, Sudan, and the United Arab Republic. Early in 1961, he visited Ghana, Togo, Liberia, Guinea, Morocco, Tunisia, and the United Arab Republic once again. Tito was building an informal, nonalined bloc of countries. For what purpose? Where was he to lead those countries?

In the first place, Tito has steadfastly maintained that the nonalined countries should refuse to join any of the

existing military blocs, and he declined to take part in the global cold war. All this sounds like it might be a praiseworthy effort to preserve peace. Tito's express purpose by using his influence to convert the armament race to peaceful pursuits sounds fine and noble.

But let us take a deeper look at the influence Tito has had upon those countries. As regards ideology, the 1958 program of the Yugoslav Communist Party is clearly stated:

In the underdeveloped countries just liberated from colonial oppression, tendencies and possibilities exist for bypassing certain phases of capitalist development and immediately passing on to the construction of the economic foundations of the development of socialism.

But obviously what is practiced in Yugoslavia is a Communist dictatorship.

By the same token, the principle of "active coexistence" as applied to the countries under Tito's leadership had only one precise meaning: To broaden the basis of the struggle against imperialism and colonialism. In other words, the whole purpose of Tito's travels to those countries—the so-called neutralist, nonalined countries—was to aline them so that they would stay with the Soviet Union. Yet we are being asked to give aid to this dictator. Thus Tito identifies his type of neutralism with the victory of communism over freedom. This is what he is working to achieve, not only in Yugoslavia, but also in Asia and Africa and, it is obvious, in view of his statements, if he can do so, in South America. Yet we are being asked to give aid to Yugoslavia.

Despite the heretic label affixed upon Titoism by the Communist bloc, Titoism promotes Soviet interests in the third or neutral world, if not directly, then indirectly, by inspiring and supporting attitudes in those countries which are detrimental to the basic interests of the West. As George Bailey has described it in the Reporter magazine:

The fitting of the Marxist formula into the neutral anticolonial reaction is the greatest service the Yugoslav regime has made to the Communist cause.

In other words, I am not simply offering the amendment because I do not like Tito, because he has suppressed liberty, because he has jailed Milovan Djilas, a man who has dared to speak out against communism; but because Tito has actively engaged in spreading communism and hatred of and opposition to the West throughout the world.

In the second place, with regard to Tito's activities among the neutral nations, Tito's public statements and behind-the-scenes politicking at the Belgrade conference confirmed once more that he is doing his best to aline the nonalined behind Soviet foreign policy objectives.

Yet we are asked to give aid to Tito.

Tito's "anti-imperialist" harangues and the support he tenders to radical revolutionary movements in the developing areas help to undermine Western positions and create effective roadblocks to the kind of cooperative ventures envisaged in the Alliance for Progress program. It seems incredibly wasteful for the United States to authorize and appropriate aid to Yugoslavia when we are asked to authorize and appropriate huge sums for the Alliance for Progress because we believe the way to success and prosperity among the South American countries is the way of freedom, while at the same time we give support and assistance and sell at knock-down prices planes and ammunition to, and train pilots for, the Yugoslavs. Yet what do they do?

Every statement, every word, and every activity of the Yugoslav Government is designed to undermine our position. I see no evidence to the contrary.

As Milorad Drachkovitch has said so well, in a brilliant article in Orbis, published by the University of Pennsylvania for the Foreign Policy Research Institute:

One of the ironic paradoxes of our time is that at least part of the generous economic assistance given by the United States to Yugoslavia as a calculated gamble to weaken the Communist bloc is used by Tito to undermine Western power and influence in the grey zones of southeast Asia, Africa, and, less directly, Latin America.

Mr. LAUSCHE. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield to the Senator from Ohio.

Mr. LAUSCHE. What is the name of the author just identified by the Senator as having written an article?

Mr. PROXMIRE. His name is Milorad Drachkovitch.

Mr. LAUSCHE. He may be the same person who wrote the book entitled "Tito the Trojan Horse." That book describes Tito as being within our midst as a "Trojan Horse" having a potentiality for ruining the very foundation of free nations of the world. I suggest that those who have not read that book read it, because it gives a clear insight into the problems which confront us when we give help to a Communist country. Time and time again, after the help had been committed, Tito made declarations of his allegiance to communism and of his purpose to fight for the communization of the nations of the world.

It may be that the author mentioned by the Senator from Wisconsin is the same person who wrote the book, "Tito the Trojan Horse."

Mr. PROXMIRE. Mr. Drachkovitch wrote an extremely well-balanced, thoughful article. It was not a polemic; it was not in the nature of anti-Yugoslav propaganda. It was a scholarly paper, published by the Foreign Policy Research Institute of the University of Pennsylvania, in Orbis, a quarterly publication. The author wrote a responsible, scholarly, well-documented piece. He may well be the same man referred to by the Senator from Ohio. However, the article was not an attempt unqualifiedly to destroy Tito, or anything of that kind; it was an article that I think would win the respect of any scholar as being objective and fair.

To sum up: All of us must recognize, of course, that Tito and Yugoslavia suppress freedom. In Yugoslavia there is no freedom of speech, there is no freedom of religion, there are none of the other freedoms which we cherish, which we rank, perhaps, higher than any other value in our country. The Yugoslavs enjoy none of those freedoms. Many of us feel strongly that we should look very carefully at any proposal for any kind of aid to any country which suppresses freedom.

Of course, we have compromised on this principle; we have had to. I have supported such compromises. Some of our best allies are countries which suppress freedom and which deny the opposition full play. That is true of Pakistan, it is true of Turkey, and it is true of Spain. Each of those countries, however strongly we may oppose brutality and an antidemocratic attitude on the part of the government, the fact is that they are important, vital allies of the United States. This cannot be said of Tito. His is a Communist dictatorship. He has said so over and over again. His is a Communist dictatorship which, at one time, had a difference with Stalin —and it was an important difference— but that situation has disappeared. The fact is that Tito has alined himself closer and closer to Khrushchev, to the point where the two are almost inseparable. The only difference is the difference in Yugoslavia's expressed attitude toward world war III. Tito has made it very clear that he believes strongly in supporting revolutionary communism throughout the world. He also has said, at Stalingrad, in June 1956, as I have quoted several times:

Yugoslavia, in time of war, as well as in time of peace, marches shoulder to shoulder with the Soviet people toward the same goal: Victory over the enemies of socialism.

Finally, it is always difficult for any human being, especially if he is a public official, to change his mind. But we must change our positions when events change. In this instance, events have changed, and changed drastically. The Tito who made the speech at the Belgrade conference has not the same attitude in any way as the Tito who was of some military assistance to us some 12 years ago. I think we must recognize the change and act accordingly.

Mr. President, I reserve the remainder of my time.

Mr. President, I yield 10 minutes to the distinguished Senator from New Hampshire [Mr. COTTON].

The PRESIDING OFFICER (Mr. METCALF in the chair). The Senator from New Hampshire is recognized for 10 minutes.

Mr. COTTON. Mr. President, as a cosponsor of the amendment of the distinguished Senator from Wisconsin, it is not my purpose to use any of the time available to me to rehearse or recapitulate or repeat the very able and cogent presentation he has made, and for which he should be highly complimented. He has reviewed masterfully the history of the utterances of Dictator Tito and many of the chapters of the recent history of Yugoslavia as a Communist power.

However, I wish to add a few words. In the first place, I desire to join in supporting this amendment partly for sentimental reasons, because my late beloved colleague, Senator Bridges, so many times fought on this floor for this

amendment, yet I also wish to make very clear that there are other reasons for my support of the amendment, for I am an impassioned believer in shutting the door to any use of the funds of the taxpayers of our country to aid Yugoslavia; and long ago I took that position in my own right.

I was a Member of the House of Representatives when the first Yugoslavia aid bill—then requested by President Truman—came before us; and one of the first speeches I made on the floor of the House of Representatives was in opposition to that measure. I think that at that time I was actuated somewhat by personal reasons—if the Senate will pardon a personal reference—because that aid was requested only a few weeks after Marshal Tito's forces had shot down a U.S. plane and had killed the American military personnel on the plane, including the son of one of my dearest friends in an adjoining town. Never shall I forget the feeling we had at that time about having the funds of U.S. taxpayers given in support of such a regime.

Mr. President, year by year, in recent years, I have been impressed, as we have considered these so-called foreign-aid bills, with the fact that we have grown more and more into the habit of giving our aid to governments, rather than to peoples. I recognize that as a practical matter that must occur, and I am not blaming anyone for it; but it is hard for us to get the picture of reaching into the pockets of the taxpayers of the United States and using their funds to bolster various governments of other nations; and in many cases it is very difficult for us to know whether the government we are helping is really a government of freedom or a government of oppression.

I fear that many times our country has knowingly poured out its resources in order to keep in power the governments of other countries, although we know those governments were oppressive; but because we felt that perhaps they were more favorable to the balance of power of the free nations than some other factions which might take their place, we have continued on that course. The food we have given, the economic aid we have given, and the assistance we have given in obtaining weapons, have perhaps more frequently than otherwise been used to bolster the governments of the countries concerned, and the people of those countries never have known from whence that aid came.

But in this case if we give this aid, we deliberately give it to a Communist dictatorship.

Mr. President, I recognize that in this particular bill there is no designation that certain sums of money shall go to Yugoslavia. I recognize that recently we have not been giving military aid to Yugoslavia. I recognize—and I believe it was stated on the floor of the Senate by the distinguished Senator from Alabama [Mr. SPARKMAN]—that recently we have not been giving economic aid to Yugoslavia. Nevertheless, the fact remains that funds for aid to Yugoslavia are available and can be given. I wish to suggest to the Senate that if we—and by we, I mean the Congress and the Government of the United States—have any idea of retaining the confidence of the American people in any kind of mutual cooperation, mutual assistance, or foreign aid, the time has come for us to bolster the confidence of the people of the United States by making very sure how the aid is to be extended and by making crystal clear to them that it is not going into improper hands.

Mr. President, in making this proposal, I wish to point out that I do not distrust the President of the United States and I do not question his motives. Perhaps he may find that there is no rhyme or reason for giving such aid; and I do not doubt that he is as indignant over the utterances of Marshal Tito as is any other citizen of this country. But this week the Senate is in the process of laying down the ground rules for U.S. foreign aid; and we must state, in words that are clear, plain, and incapable of being misunderstood or misinterpreted, that under no circumstances does the Congress of the United States countenance—for I understand that even with the adoption of this amendment, it would be possible for certain funds and certain assistance to be extended, if the President desired that to be done—the giving of any aid of any kind—military, economic, or otherwise—to a country which is avowedly and clearly a Communist dictatorship, lined up with the Iron Curtain countries, seeking to destroy freedom in the world, and seeking to hold up the hands of those who are thwarting the earnest efforts of our people and our Government and other governments of the free world to preserve the peace, the security, and the safety of those who now live and those who will follow us.

Mr. President, I cannot conceive for a moment that the Senate would reject the amendment of the Senator from Wisconsin; and I cannot conceive that any Senator who really wishes to have the foreign aid bill passed would vote against this amendment, for by means of it one more assurance will be given to the American people that they can have confidence in the administration of this important measure.

For those reasons I earnestly hope that the amendment offered by the Senator from Wisconsin will be adopted.

It is the intention of the Senator from New Hampshire to offer, at the proper time in the consideration of this measure, another amendment, which was offered in the last session by the then senior Senator from New Hampshire, Mr. Bridges, who was absent because of illness, and which I offered and debated on the floor of the Senate, and which received a very substantial vote in the Senate. That amendment provides for the prohibition of assistance to countries trading with the Communist bloc in war materials or those commodities used to produce war materials.

I give notice that I shall offer that amendment, and unless an amendment along the same line is offered sooner, shall bring it up and seek its adoption.

I thank the Senator for yielding me time. I again express the hope that the amendment will be adopted.

Mr. SPARKMAN. Mr. President, I yield 5 minutes to the Senator from Vermont [Mr. AIKEN].

The PRESIDING OFFICER. The Senator from Vermont may proceed.

Mr. AIKEN. Mr. President, it seems to me we should take a realistic look at the proposal of the Senator from Wisconsin. I do not think any Member of this body holds any brief for Tito, Gomulka, or any other Communist leader of the satellite states. However, the question before us now is whether we should take such action as will assure Russia that under no circumstances will we give aid to any satellite or Communist state which seeks to break away from the Soviet orbit.

Right now the situation seems to be very tense in Eastern Europe because of the current common market proposals. I feel it is driving satellite states in Eastern Europe deeper and deeper into the Soviet orbit, which I think some would like to break away from as soon as they dare to and as soon as they are assured they might get some cooperation from the democratic nations. I think it is this fear of the common market that is driving Mr. Tito, or that may drive him, to accept Mr. Khrushchev's invitation to meet him in Moscow.

I do not know that we should object to Mr. Tito's going to Moscow. We invited Mr. Khrushchev to Washington, and he came and obviously had a good time while he was here. President Eisenhower had planned to visit Mr. Khrushchev in Moscow. That plan, of course, was interrupted rather abruptly by the U–2 incident. President Kennedy went a long way for a meeting with Mr. Khrushchev in Vienna.

I do not know whether or not we should deprive a country of any assistance because of that fact, because certainly, if we undertook to say what head of a country should visit the head of what other country in the world, we would be taking on a man-sized job, and in view of the fact that we ourselves would be guilty of the same thing.

I hold no brief for Yugoslavia. I do remember, however, that Yugoslavia's armies prevented Hitler from overwhelming the Middle East. I do not forget that Yugoslavia stood between Greece and Russia and the overrunning of that country by Russia. I have seen the Yugoslav delegate in the United Nations take direct issue with Russian representatives in that body.

Even so, we have given a great deal of aid to Yugoslavia. It is true we began in the late 1940's, when they were very short of food over there. I thought at the time we gave them corn it was a good investment. It enabled them to break out of the Soviet orbit. They have up to now stayed out ever since. We gave them a great deal of aid during the 1950's. President Eisenhower found it was to the advantage of this country to give them assistance, and we gave them a great deal, including weapons. Those weapons were geared to use U.S. ammunition, which certainly would not indicate that Yugoslavia had plans to rely upon Russia in the event of war.

I do not pretend to know what the situation is now in every detail. I do not condone statements which Tito has made, and he has made some statements he should not have made. I think we should keep aid to Yugoslavia and to such countries at a minimum, but I do not think we should ever close the door to giving assistance to satellite countries that want to break out of the Soviet orbit, thereby forcing those countries into a close union of states, which would undoubtedly bring in the Communist Chinese as well as countries of Eastern Europe.

Perhaps we ought not to forget that it was Yugoslavia that is generally credited with bringing about the difference of opinion originally between China and Russia.

So I would not tie the President's hands. I expect him to make some mistakes. I know he has made many mistakes. I can point to a lot of his mistakes. But when it comes to the choice of forcing a closer and tighter alliance between the Communist countries or giving some of them hope that they can break away, then I think we would go too far if we undertook to tie the hands of the President in that way.

Mr. SPARKMAN. Mr. President, may I inquire as to how much time for debate remains?

The PRESIDING OFFICER. The Senator from Alabama has 23 minutes remaining. The Senator from Wisconsin has 16 minutes remaining.

Mr. SPARKMAN. Mr. President, I yield 5 minutes to the Senator from Kentucky [Mr. COOPER].

The PRESIDING OFFICER. The Senator from Kentucky is yielded 5 minutes.

Mr. COOPER. Mr. President, all of us know that the question to which we are addressing ourselves is a difficult one. It is the question whether the Government of the United States shall have authority to provide aid to Yugoslavia, in this case by the method of a loan, if the President determines that it is in the national interest to do so. It is a difficult decision that we must make, because we know that Tito is a Communist, the Government of Yugoslavia is a Communist government, and it is probable that, if the Soviet Union and the United States should come to a confrontation now, Yugoslavia would be on the side of the Soviet Union.

All this being admitted, I believe, in looking at this question, we must not fall into an error which I think is a common one when we consider whether aid shall be provided other countries. Many in our country look at this question of providing or withholding aid as if every nation had decided its course, Communist or anti-Communist forever, as if events, circumstances the decisions of their peoples would have anything to do with their political position in the world. A better way to look at the issue is to consider it from the viewpoint that every country has not decided forever its future course.

In my view, it is more courageous and hopeful to conduct our foreign policy and foreign aid program with the view that countries will not forever be tied to Soviet policy, if they are Communist countries, or, if they are neutralist countries, that they are not finally going to decide to be on the side of the Communists. To take the view that every country which does not now stand on our side in every respect, is forever gone, is to abandon these countries to the Soviet Union's designs.

I am not saying that we should provide aid to Communist countries, or others, which are dominated by the Soviet Union.

In this case, the case of Yugoslavia, while it is a difficult decision to make, the issue has a certain simplicity. The Soviet Union has tried with all its might to build up in Eastern Europe a strong system of satellites, a monolithic Soviet Communist group of countries. But it is a fact, despite the disappointments we have experienced at the hands of Tito, that Yugoslavia, since World War II, has never committed itself firmly and wholly to Soviet policy. It has maintained its independence from the Soviet doctrine that all Communist countries must bow to Soviet decisions. We have maintained the hope that the example of Yugoslavia will find support in other Communist countries of Eastern Europe, and that they will break away in some measure, at least, from the domination of Soviet policy. This is in the interest of the United States.

The newspapers note that Tito will soon go to Moscow for talks with Premier Khrushchev. It may well be that a closer union of the policies of Yugoslavia and of the Soviet Union will result from the meeting. I point out that, should Yugoslavia give up its independent policy as a result of these talks or thereafter under the present law the President has authority to terminate aid. In fact, the Congress has imposed on the President an ever great responsibility. It is the responsibility to permit aid only if he can positively affirm it is in the interest of the United States, and that the recipient country is independent of the Soviet Union.

The weight of the popular opinion in the country today may well say, "Cut off this aid."

But I believe the long-term interest of our policy—a policy to foster independent policies on the part of the Eastern European countries, from those of the Soviet Union and considering the fact that Yugoslavia has since World War II maintained an independent course of action against Khrushchev and the Soviet Union, dictate that it is best to continue the arrangements Congress has made in prior legislation, that is, to permit loans when the President finds it is in the interest of the United States. For this reason to permit freedom in the conduct of our foreign policy, and to encourage a split within the Soviet bloc, I shall vote against the amendment offered by the distinguished Senator from Wisconsin.

Mr. JAVITS. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. The time of the Senator from Kentucky has expired.

Mr. JAVITS. Mr. President, will the Senator from Alabama yield 1 more minute to the Senator from Kentucky?

Mr. SPARKMAN. I yield 1 more minute to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 1 minute.

Mr. COOPER. I yield to the Senator from New York.

Mr. JAVITS. I shall vote as the Senator from Kentucky will vote, for the reasons stated, plus the additional reason that Tito and Yugoslavia, no matter how we slice it, are a bone in Khrushchev's throat. It may be that that bone right now is not hurting too much. Tomorrow it may be a bone which is hurting a lot.

We have heard a lot about a "no win" policy and about the idea that we are not seeking victory. We have now an opportunity to arm our President with a weapon which may be effective in order to reach behind the monolithic Communist bloc curtain to countries there situated. It is proposed to deprive the President of that weapon, which I think would be a very unwise act. I shall therefore vote against the amendment.

Mr. COOPER. Mr. President, the Government of Yugoslavia and the people of that country know very well the purposes of the Soviet Union.

The PRESIDING OFFICER. The time of the Senator from Kentucky has again expired.

Mr. SPARKMAN. Mr. President, I yield 1 minute to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 1 additional minute.

Mr. COOPER. I remember an occasion at the Unied Nations—I think at the time I was serving with the Senator from Alabama—when the Yugoslavian representatives brought charges against the Soviet Union for interfering in the affairs of their government and country. After debate, Yugoslavia was upheld by the United Nations. Its resolution, asking that the Soviet Union be condemned for its interference in Yugoslavian governmental policies was approved. The Yugoslavian representatives had the courage to bring the Soviet Union before the United Nations for condemnation. They are aware of the interference by the Soviet Union in their own policies.

I recognize all the dangers of providing any aid to Yugoslavia. I recognize that there may be, finally, larger agreement between the Soviet Union and Yugoslavia, but so far I think that agreement has not been reached. If a change occurs, the President can cut off our aid.

The PRESIDING OFFICER. The time of the Senator from Kentucky has expired.

Mr. SALTONSTALL. Mr. President, will the Senator yield to me?

Mr. SPARKMAN. Mr. President, I yield 2 minutes to the Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 2 minutes.

Mr. SALTONSTALL. Mr. President, I shall vote against the Proxmire amend-

ment. I have given it very thoughtful consideration.

I have always voted with the present administration and with the past administration with respect to aid to Yugoslavia, but I have been hesitant this year because I am not at all confident that Yugoslavia is independent of the Soviet bloc and has not turned to the East rather than to the West.

I think the Senator from New York [Mr. JAVITS] and the Senator from Kentucky [Mr. COOPER] have very well expressed the reasons why the Senate should not adopt the amendment.

Mr. President, I say to the acting chairman of the Committee on Foreign Relations, I hope that the Senate will accept the amendment offered by the junior Senator from New York [Mr. KEATING], which states, in part:

> It is the sense of Congress that clear priorities should be established among the countries receiving assistance under this Act and that any requests for appropriations to carry out programs of assistance under this Act should be accompanied by information with respect to the priorities assigned for the fiscal year for which appropriations are requested.

The Congress provided a section in the foreign aid appropriation bill to that effect last year.

The amendment to be offered by the Senator from New York [Mr. KEATING] contains language a little stronger than that in last year's appropriation bill, but I shall vote against the Proxmire amendment in the hope that the Keating amendment will be adopted, because I think that would cover the situation in relation to Yugoslavia, without putting a flat "no" to Yugoslavia at this time. I hope the Keating amendment will be adopted.

For these reasons I shall vote against the Proxmire amendment.

The PRESIDING OFFICER. The time of the Senator from Massachusetts has expired.

Mr. PROXMIRE. Mr. President, before I summarize my arguments, I wish to take a few minutes to answer some of the statements which have been made. I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized for 3 minutes.

Mr. PROXMIRE. Mr. President, I have the greatest respect and admiration for the Senators who have spoken—unfortunately, against my amendment. But I must set the record straight. I challenge the Senator in charge of the bill or any Senator to furnish evidence that Yugoslavia is moving away from the Soviet Union. In the past few years Yugoslavia has moved in exactly the opposite direction. The record in that regard is as clear as it could possibly be.

The distinguished Senator from New York [Mr. JAVITS] said that Yugoslavia is a bone in Khrushchev's throat. That is ancient history. Yugoslavia was a bone in Stalin's throat, certainly, but is not a bone in the throat of Khrushchev in any sense. The fact is that there has been consistent and constant collaboration between Yugoslavia and Khrushchev between Tito and Khrushchev. It is getting to be closer collaboration all the time.

Senators ought to remember the Belgrade statement of Tito in Yugoslavia, the most important statement recently made by him, in which he endorsed the Khrushchev proposal for disarmament, and derided the U.S. fetish for controls and inspections. Only 2 days after the Soviets resumed nuclear testing, he expressed his "understanding" of the reasons invoked by the Soviet Union in resuming atomic tests in the atmosphere.

In addition, Tito endorsed the thesis of the two German states, one of which he said was acquiring a "more outspokenly new social character." He referred to East Germany in that regard, whereas he described West German as "a typical capitalist social system pregnant with interwoven remnants of Fascist and revenge conceptions and tendencies."

Furthermore, in that speech Tito asked for modification of the role of the Secretary General of the United Nations, suggesting that he be downgraded to a simple administrator, a "functionary of the United Nations without independent political competency."

Tito sharply criticized U.S. policies in Latin America.

Tito praised the resistance by the Cuban people against the "aggressive intervention" of the U.S. supported freedom fighters.

Mr. President, this is not the action of a neutralist. This is not the action of a man who is independent of the Soviet Union.

The fact is, as many competent, scholarly observers have said—and I have quoted some earlier today—Yugaslovia is serving the international interests of the Soviet Union. Yugoslavia has said over and over again it is interested in spreading international communism—as they put it, "proletarian internationalism."

This is the position of Yugoslavia today. Perhaps it was not the position 4 or 5, or 8 or 10 years ago, but it is the position now.

I cannot see any justification, under all of the present circumstances, for the United States to provide economic development aid for a country under these circumstances, when there are other countries in the world which need assistance and there are so many other useful and productive things we can do with the money.

The PRESIDING OFFICER. The time of the Senator from Wisconsin has expired.

Mr. PROXMIRE. Mr. President, I reserve the remainder of my time.

Mr. SPARKMAN. Mr. President, I shall speak for only a very few minutes. I know of nothing that I can say that has not already been well said by the Senator from Kentucky [Mr. COOPER], the Senator from Vermont [Mr. AIKEN], and the Senator from New York [Mr. JAVITS]. Again I point out, as I did yesterday, and as the Senators mentioned have pointed out, that Yugoslavia has shown independence. I agree with what has been said. I do not like everything that Tito has said. I do not like everything Tito has done. I am not defending Tito. I am not defending Yugoslavia. But I do say that any time we have an opportunity to drive one of the satellites away from the monolithic structure at which the Kremlin aims, we ought to take advantage of that opportunity. I think we have that opportunity in the case of Yugoslavia.

Sometimes I think we argue the bill as if there were hidden in it a specific provision that Yugoslavia is to receive aid. There is no such provision in the bill. In fact, as I stated yesterday, it is contemplated and anticipated that not to exceed $10 million may be loaned to Yugoslavia, repayable in dollars with interest, on projects that our people would deem good projects to aid in the development of the country.

Not only is that true, but at the last session of the United Nations last fall, time after time Yugoslavia voted with the United States in opposition to the Soviet Union. That is the record.

As the able Senator from New Hampshire pointed out, another thing we must keep in mind is that a provision is in the law already in connection with aid to Yugoslavia. I read it into the RECORD, yesterday. Before any aid of any kind can be extended to Yugoslavia, the President must find three things:

First, the President must find that Yugoslavia continues to maintain independence. It is not what we think about independence. The President must be convinced that Yugoslavia continues to maintain independence.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. AIKEN. I mentioned the fact that Yugoslavia frequently opposed Russia in the United Nations. One principal example is the clash over problems in the Holy Land. Yugoslavia has consistently voted for measures to maintain order in the Middle East, or the Holy Land. In the fall of 1960, Yugoslavia offered the resolution in the United Nations to continue the police force that maintains order between Israel and the Arab States. Russia bitterly opposed the resolution. Yugoslavia has consistently paid every dollar of her assessments for that peacekeeping operation. Russia has never paid a single nickel, nor has any of the other eight members of the Communist bloc paid anything toward that peacekeeping operation. I point out that there is a difference.

Mr. SPARKMAN. The Senator is correct. Yugoslavia has consistently supported U.N. programs related to the Congo operation, the Gaza strip operation, and other resolutions in the past session of the U.N., and has done her part toward helping them, when Russia refused to go along.

The President must be convinced that Yugoslavia continues to maintain its independence. Second, the President must determine that Yugoslavia is not participating in any policy or program for the Communist conquest of the world. Third, the President must determine that the furnishing of such assistance is in the interest of the national security of the United States.

Under the Constitution of the United States the task is imposed upon the President to promulgate and put into effect our foreign policy. We have charged the President with the exercise of great caution in handling the program. I do not believe that we ought to limit him further.

Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Alabama has 8 minutes remaining.

Mr. SPARKMAN. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Does the Senator from Wisconsin wish to yield time?

Mr. PROXMIRE. Mr. President, I request a minute for the purpose of asking for the yeas and nays on my amendment.

I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. PROXMIRE. Mr. President, I yield 2 minutes to the Senator from New York [Mr. KEATING].

Mr. KEATING. Mr. President, I have the deepest respect for Senators who have spoken in opposition to the amendment. I know they are sincere. I know that their motivations are as pure as those of any Senator who may support the amendment. I find myself in a position in which I must support the amendment. As the distinguished Senator from Massachusetts has said, it is true that the amendment which I have submitted does not go as far as the pending amendment. It is more general in its terms. I believe it would probably have more adequately covered the situation. But it is not the amendment now before the Senate. Its adoption or nonadoption is still in doubt. In that situation I feel that the amendment deserves our support.

There may have been a time when U.S. aid to Tito was useful in helping the Communist leader to establish a position independent of Stalin. In my judgment, that time has passed. The events of the past few years show that despite our help and despite isolated instances of support for the United States in the U.N., Tito is looking more and more to the Communist bloc for guidance and support.

In the international arena, by and large and on balance, Tito is working against the interests of the United States and the free world, against the interests of NATO, and in support of Soviet policies on Berlin and on other points of conflict. In the domestic sphere he is certainly tightening up on the free elements in the Yugoslavic economic system. The recent imprisonment of Djilas shows clearly, even to those who may wish to forget it, that Yugoslavia is a completely totalitarian state. Communists cannot tolerate free discussion. In Russia, in China, or Yugoslavia, Tito is working in a manner directly opposed to the interests of the United States at this time, and therefore the temporary suspension of aid seems to me to be justified.

Mr. PROXMIRE. Mr. President, how much time do I have left on my side?

The PRESIDING OFFICER. The Senator from Wisconsin has 9 minutes remaining.

Mr. PROXMIRE. Is the Senator from Alabama ready to yield back the remainder of his time? I merely wish to summarize my position.

Mr. SPARKMAN. I wish to yield to the majority leader.

Mr. PROXMIRE. I reserve the balance of my time.

Mr. MANSFIELD. Mr. President, how much time does the Senator from Wisconsin intend to use in bringing this matter to a conclusion?

Mr. PROXMIRE. I will not speak for more than 2 or 3 minutes.

Mr. SPARKMAN. I yield 3 minutes to the Senator from Montana.

Mr. MANSFIELD. Mr. President, I have listened with a great deal of interest to the debate on yesterday and today with respect to the amendment proposed by the distinguished Senator from Wisconsin [Mr. PROXMIRE]. I have listened to his arguments. There is a good deal of validity in what he has said. I have also listened to the arguments of the Senator from New Hampshire [Mr. COTTON]. He has pointed out what can and cannot be allowed under aid to Yugoslavia as it is contemplated in the pending bill.

I have listened with interest and approval to the distinguished Senator from Vermont [Mr. AIKEN], to the distinguished Senator from Kentucky [Mr. COOPER], and to the acting chairman of the Committee on Foreign Relations, the Senator from Alabama [Mr. SPARKMAN]. We have gone through this matter before. I point out to the Senate that this particular aspect of the aid program was, if my memory serves me correctly, first offered under a Republican administration and that it has been continued down to the present time.

As the distinguished Senator from New Hampshire has said, we must have confidence in the President. We had it when Mr. Eisenhower was in the White House. I see no reason why we cannot have it when Mr. Kennedy is our leader.

The Senator from Vermont said that the President has made mistakes. Of course he has made mistakes. Mistakes were also made by Eisenhower and Truman and Roosevelt. So did Hoover and Coolidge and Harding and Wilson and all the other Presidents make mistakes and they made them because they were human, just like the rest of us. I hope we will never see the day when the President of the United States will not make mistakes. When we reach that day, there will be something wrong with the President, and something wrong with us for electing him.

I have contacted the White House on this proposal, and I have asked for a statement as to what the administration's position is. I have received a letter from Mr. McGeorge Bundy, one of the administrative assistants to the President. In response to my request, this is what he says:

DEAR SENATOR MANSFIELD: I wish to express the administration's views on the Proxmire amendment to the foreign aid bill.

The effect of this amendment would be to cut off the small amount of aid (mostly Public Law 480) we have given to Yugoslavia.

This is a moment of great delicacy in internal political balance within the Communist world.

All those who are opposed to the amendment have emphasized this feature:

All of our intelligence evidence, the reports of our Ambassadors, and our own appreciation of the relations we are conducting with the Soviets point to a struggle between those who believe in putting the Soviets into a more aggressive Chinese posture and those who assess American strength and determination for what they are and wish the Communist bloc to deal with us more realistically and peacefully. The proposed amendment would work in favor of the hardliners in the Kremlin and elsewhere in the Soviet bloc.

Our policy in giving small amounts of aid to Yugoslavia—

And, incidentally, to Poland—

has been one of assisting it to maintain some freedom of maneuver against the Kremlin.

That is what the Senators who oppose the Proxmire amendment have been emphasizing time and time again.

We have no question that this policy has paid off. Yugoslavia is, of course, still a Communist country, and we are against communism, but it is a plain fact that this country exercises a continuing and significant pressure in restraint of the more extreme and aggressive actions of world communism.

And, incidentally, so does Poland.

Nothing is more helpful to the position of the United States and the whole of the free world than the maintenance of some range of choice within the bloc. Nothing could be more dangerous than the achievement of monolithic unity under Soviet leadership, such as Stalin exercised in the immediate postwar period.

The proposed amendment deprives the President of that discretion which is necessary for the effective conduct of foreign policy. The President has not abused that discretion and would not do so in the future. The executive branch is always prepared to consult with responsible leaders of Congress about the use of aid for Yugoslavia and to explain the nature and justification of specific transactions. This has been our practice in the past, and it will continue to be so. As the attached statistics show, our aid to Yugoslavia has been limited in quantity and carefully restricted in content. I do not think the present facts in any way justify a departure from our past policy.

Obviously, the behavior and public statements of certain Yugoslav leaders, and the continuing police-state character of the Government stir natural resentment among all Americans. Our opposition to these aspects of Yugoslav policy is clear, and in the light of such behavior the President has closely limited the forms of assistance which he will allow. The law as it stands permits this kind of flexible and immediate response to favorable or unfavorable developments. The amendment would remove all opportunity for calculated responses and would freeze us out of any ability to affect affairs in these countries.

The truth of the matter is that this amendment would play into the hands of those who are most hostile to the United States. The intent of the amendment is obviously to oppose communism—but if it is adopted the hard-line Communists will be delighted.

The letter is signed by Mr. McGeorge Bundy, because it was he whom I contacted at the White House.

I ask unanimous consent to insert in the RECORD at this point the amount of aid given Yugoslavia this year under title I, title II, title III, and title IV of Public Law 480, and also incidental small amounts which Yugoslavia is receiving this year.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Economic aid to Yugoslavia

[Millions of dollars]

	Public Law 480			Eximbank	Other	Total
	Title I	Titles II and III	Title IV			
Total since—						
1951	439.2	228.3	17.3	65.0	614.3	1,364.0
1961	27.4	14.1	----------	50.0	56.4	147.9
1962	83.8	14.0	17.3	----------	.7	115.8

Mr. PROXMIRE. In reply to the majority leader, I should like to say that if Mr. McGeorge Bundy said that my amendment would knock out Public Law 480 aid, he is wrong. It would not do so. Apparently he has not read my amendment.

Mr. MANSFIELD. I do not think I said that.

Mr. PROXMIRE. The Senator from Montana indicated that the amendment would knock out Public Law 480 aid.

Mr. MANSFIELD. Is the Senator referring to what I said at the beginning of my remarks?

Mr. PROXMIRE. I am referring to what the Senator from Montana said, I believe, at the beginning of the letter from which he read.

Mr. MANSFIELD. May I read it again? I quote from the letter:

> The effect of this amendment would be to cut off the small amount of aid (mostly Public Law 480) we have given to Yugoslavia.

I apologize: the Senator is correct.

Mr. PROXMIRE. The amendment provides that assistance to Yugoslavia under this act shall be suspended. I admit that the amendment does not go far enough. I would like to have it go much further. I would like to have it cut out Public Law 480 aid to Yugoslavia. However, my amendment does not do that. I would also like to prevent the kind of bargain sale arrangement that we have made with Yugoslavia on planes, under which Yugoslavia has been paying about one thirty-fourth of the price of the planes it has been buying.

What I have said is exactly what the amendment provides. I have gone over it with members of the Committee on Foreign Relations. It provides that the $10 million economic development program cannot be provided in fiscal 1963.

Mr. President, this is a very moderate amendment. It provides that for 1 year, and 1 year only, aid to Yugoslavia will be suspended. The aid to Yugoslavia that is suspended is the economic development program. As I say, I believe we can fully justify going a lot further, but this amendment does not go any further than that.

I would merely like to summarize my argument on this amendment by calling to the attention of Senators the fact that the amendment is not aimed at Tito because he is a dictator. It is not aimed at Yugoslavia because it is a Communist country. It is aimed against Yugoslavia because Tito is now a close ally of Premier Khrushchev against the United States and because Yugoslavia is supporting the interests of the Soviet Union. There is no question about it.

The active coexistence which Yugoslavia has advocated under the program adopted in 1958, and which Tito has tried to advance in neutralist countries, consists of identifying his type of neutralism with the victory of communism over freedom.

This is what he is working to achieve, not only in Yugoslavia, but also in Asia and in Africa, and, in the future, in South American countries.

As I said before, and as I emphasize again, George Bailey writing in The Reporter has pointed out that:

> The fitting of the Marxist formula into the natural anticolonial reaction is the greatest service the Yugoslav regime has made to the Communist cause.

The amendment merely provides that for 1 year, on the basis of Marshal Tito's recent actions and on the basis of his alinement with the Soviet Union, the United States will suspend this modest amount of aid. I do not believe the amendment goes far enough, but I believe the Senate should be willing to go at least this far.

Mr. President, I yield back the remainder of my time, with the understanding that the majority leader will yield back the remainder of his time.

Mr. SPARKMAN. Mr. President, I yield back the remainder of my time.

Mr. LAUSCHE. Mr. President, I offer an amendment in the nature of a substitute for the Proxmire amendment and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed to add to section 620 of the Foreign Assistance Act of 1961 the following new subsection:

> (e) No assistance shall be furnished under this Act and no commodities may be sold or given under the Agricultural Trade Development and Assistance Act of 1954, as amended, to any country having a Communist form of government. This restriction may not be waived pursuant to any authority contained in this Act.

The PRESIDING OFFICER. How much time does the Senator from Ohio yield himself?

Mr. LAUSCHE. I yield myself 10 minutes.

Mr. President, I begin with the proposition that aid granted to a Communist country can never be in the interest and security of the United States. Aid granted to a Communist country can only be in the interest of the promulgation of international communism.

Our statutes contain provisions which declare that whenever it is found to be in the interest and security of the United States to grant aid to a Communist country, such aid may be granted. I submit that on the basis of what has happened in the past 17 years, aid to communism is always inimical to our country. It is for that reason that I believe the most lofty purposes of the Senator from Wisconsin ought to be expanded so as not to cover Yugslavia alone, but also to cover all Communist countries. That is all my amendment proposes to do. It contemplates declaring that our dollars and surplus commodities shall not be given to countries which have Communist forms of government.

Senators may ask: "Why is it always detrimental and inimical to the United States to grant aid to a Communist country?" When we grant aid to Tito's government in Yugoslavia, in effect we tell those 15 million or 17 million people that the United States looks with sympathy upon what Tito is doing. We deceive and delude the citizens within Yugoslavia into believing that our Government is in sympathy with the Communist government of Yugoslavia.

In my opinion, the people who live within the satellite nations want to rise in revolt against the yoke they have to carry, a yoke which has been imposed upon their necks by international communism. However, experience has demonstrated that in Communist countries the ability to revolt, when the people face the gun and the noose, can never become a reality. In Hungary, East Germany, Poland, and Czechoslovakia the students revolted. They revolted, I say with embarrassment, in anticipation of aid from the West. But aid never came. Those revolts were all subdued.

In Communist China, the hungry and starving people are fleeing to Hong Kong. If there is ever to be any assertion, it must come from the people; and revolt and assertion will not come if we make it appear that the Communist governments in control are acceptable to the people of the United States.

I think I know the mental attitude of the Yugoslavs. I speak their language. If it had not been for our Government, communism in Yugoslavia would not be alive today; and if it were alive, it would be only under the compulsion of the gun. The Yugoslavs are not a godless people. They do not believe in the surrender of the spiritual aspects of life and the dignity of man. They want to pray, they want to speak, they want to think, and they want to own what they create. They want no dictator to do their thinking, their praying, their speaking, and their writing for them. They want free-

dom. Yet we tell them, "Accept your Communist government."

In effect, the United States has given $2,500 million to Yugoslavia, although not all of it in the form of foreign aid; much of it has been given through the other worldwide agencies to which we contribute and which provide aid for that country.

As has been pointed out by the Senator from Alabama [Mr. SPARKMAN], the law today provides that if aid is to be granted to Yugoslavia, the President must find that Yugoslavia is maintaining its independence from communism. I cannot come to the conclusion that Yugoslavia is independent of communism. Nearly every time we have granted aid to Yugoslavia, on the day following Tito has taken the rostrum and proclaimed to the world that his fidelity to the philosophy of Marxism has not changed in the least degree. If Senators will examine the record, they will find that in practically every instance Tito has made declarations of the kind I have just described. When within the past 7 or 8 months the United States provided him with planes of war, immediately thereafter he reasserted his fidelity to communism.

Can anyone say that Gomulka, in Poland, is maintaining his independence of communism? It cannot be so declared on the basis of the facts.

Second, the law provides that aid shall not be given unless it is found that Yugoslavia is not participating in any program of conquest by the Communists.

Just how long will it take the people of the United States and those who hold important positions of public policy to learn that under the Marxian theory there will be no peace until the world is communized? Every one of the countries with Communist forms of government is participating in the program of conquest of the peoples of the world and their subjugation to communism.

Third, it is said that aid shall not be given—let us say to Yugoslavia—unless it is found that the national interest and the security of our country will thus be served. I have dealt with that aspect of this problem; and I repeat that, in my judgment, aid granted to a Communist country, with its repeatedly avowed and redeclared principles, can never be in the interest and the security of our Nation.

In the letter something was said about creating a monolithic unity of Communist nations under which there would be no deviation. If there is to be deviation, it will not come from Communist governments; it will come from people who are seeking freedom.

It seems to me that by giving aid to Communist countries, we are "selling down the river" irredeemably and irretrievably the people who are living under the domination of those Communist governments. So, Mr. President, at the risk of repetition I say that we are telling them, "Be content with what you have. We will give you aid, and we are giving you aid"——

The PRESIDING OFFICER. The time available to the Senator from Ohio has expired.

Mr. LAUSCHE. I ask unanimous consent that I may proceed for 3 more minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. COTTON. Mr. President, will the Senator from Ohio yield for a question?

Mr. LAUSCHE. I yield.

Mr. COTTON. I am a little concerned about the part of the Senator's amendment—although, as he knows, I am thoroughly in sympathy with the purpose of his amendment—which refers to the giving of aid or assistance to a country with a Communist form of government. I wonder whether that would be a little confusing from the point of view of administration. Just what is a country with a Communist form of government?

Mr. LAUSCHE. The law now provides that aid shall not be given to a country that is dominated by international communism. If that language is susceptible of interpretation, I submit that the language "any country with a Communist form of government" is likewise susceptible of interpretation.

Mr. SPARKMAN. Mr. President, will the Senator from Ohio yield?

Mr. LAUSCHE. I yield.

Mr. SPARKMAN. Merely for the sake of clarity, I think it might be well to state these three points again. The President shall assure himself, first, that Yugoslavia—in this case—continues to maintain its independence. The words "its independence from communism" are not used. I think this provision means that the country is not dominated by some Communist bloc.

Second, that Yugoslavia is not participating in any policy or program for the Communist conquest of the world.

And, third, that the furnishing of such assistance is in the interest of the national security of the United States.

Mr. LAUSCHE. Yes. I think I have covered those points in substance.

Mr. SPARKMAN. I, myself, have wondered how it would be possible to define "a country having a Communist form of government."

Mr. LAUSCHE. Then let me ask how can we define "a country that is dominated by international communism."

Mr. SPARKMAN. But I have read these three provisions in order to indicate that that language is not used in them.

Mr. LAUSCHE. At any rate, I think we must meet this problem head on. Let me say to the Senator from Alabama that in the face of that language, we are giving aid to Poland, which is headed by Gomulka, a Communist.

Mr. SPARKMAN. But not aid under Public Law 480.

Mr. LAUSCHE. That is true; but we are giving aid to Poland, even though admittedly Poland is dominated by international communism. Thus, having in mind that the present provisions of the law are meaningless, and that on the basis of one person's interpretation they allow the granting of our aid to Yugoslavia and to Poland, I believe we should write into the law this absolute prohibition, thus declaring that no form of aid shall be given to a Communist government.

Mr. President, on the question of agreeing to my substitute amendment, I ask for the years and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. LAUSCHE. Mr. President, I am prepared to yield back the remainder of the time available to me.

Mr. SPARKMAN. Mr. President, I merely wish to say that I think the same arguments that were made against the Proxmire amendment apply to this amendment, except this amendment goes even further and is more restrictive than the Proxmire amendment.

I think the entire question is whether we shall completely abandon these countries, and thus shall leave them with no hope of every breaking loose from the great monolith the Kremlin seeks to create.

I have no sympathy with communism or with any Communist government; but I do have great faith and great confidence in the President of the United States. I have that faith and that confidence today, and I also had it during the 8 years of the Eisenhower administration, when this policy was initiated. I had confidence in President Eisenhower. I believed he would not extend our aid to one of these countries unless he was convinced that these three conditions were met. I believe he administered this measure sincerely and earnestly, with the best interests of our country at heart. I think the same is true of President Kennedy; and I do not believe we should tie his hands in this field of foreign policy—one of the greatest burdens any President has to carry.

Mr. President, I am prepared to yield back the remainder of the time available to me, if the other side will do likewise.

Mr. LAUSCHE. Mr. President, the Senator from New Hampshire [Mr. COTTON] asked me to yield 2 minutes to him; and I do so at this time.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized for 2 minutes.

Mr. COTTON. Mr. President, I apologize to the Senator from Ohio for using some of his time, inasmuch as part of what I must say is that I believe I must vote against his amendment. I am constrained to say that the original amendment of the Senator from Wisconsin [Mr. PROXMIRE], of which I am a cosponsor, is the safer and the clearer amendment.

I am completely in accord with everything the Senator from Ohio has said and has said so well. I would willingly vote for an amendment that would provide that no aid under this act—I am not sure I approve of going into the matter of the disposal of agricultural surpluses—would go to any Communist country, if we can clearly define a Communist country.

If I may have a moment, I want to say, in view of the fact that the distinguished majority leader and the distinguished Senator from Alabama have said repeatedly that the President can be trusted; that, of course, the President makes mis-

takes, and all Presidents do, but that he can be trusted; I agree with that statement.

I believe, however, that the Congress of the United States has its own responsibilities. The President has his. I am not going to vote, if I can help it, to grant to the President of the United States authority to use the taxpayers' money to aid a Communist country. I will not do it for President Kennedy. I would not do it for President Eisenhower, and I voted against it when he was President.

It is not a question of who is President. It is not a question of confidence in the President. We are getting into the habit more and more of sidestepping our responsibilities in Congress and leaving it to the President, whether he asks for the authority or not. We have our own solemn responsibility, and I want to see come out of this Chamber today, if possible, a firm, clear-cut declaration against putting our hands into the pockets of the taxpayers of this country and using their resources to aid any Communist country.

I agree with the Senator from Ohio that it is never in the interest of the security of the United States to use our money to help a Communist country.

However, I am compelled to vote against the substitute, because I very much fear that when the time comes for some technical legal light downtown to determine what is a country with a Communist form of government, it is going to be a very loose definition, and also because I am not at all sure that I want to vote under this act to do something in restraint of or to control the handling of our food surpluses.

I am one of those who happens to think that now is the time to bomb China with American food, with the American flag, and with a message from the American people. I think that would be one of the best propaganda uses of our surpluses we could ever devise, and it would make the Communist dictatorship squirm.

However, that is beside the issue. On this question I agree with the Senator from Ohio, but I am constrained to vote against his substitute because I still think the amendment offered by the Senator from Wisconsin is preferable. It is completely plain. It names Yugoslavia and does not leave any loopholes.

Mr. LAUSCHE. Mr. President, I yield myself 3 minutes for the purpose of discussing this question. How can one in principle distinguish Yugoslavia from Poland? If aid is denied to Yugoslavia, on what theory can it be granted to Poland? If there is a principle underlying the amendment of the Senators from Wisconsin and New Hampshire, will the Senator from New Hampshire explain to me how he can differentiate?

Mr. COTTON. I would not differentiate. I would vote for the Senator's amendment if it named Poland, and, one by one, the countries the amendment affects. But I am afraid of a definition which says "country having a Communist form of government." I do not know exactly what a Communist form of government is. I know what a Communist society is. We know it as a practical matter. But some countries that are communistic have legislative bodies. They may be mere fakes, and often are. Some countries have a semblance of a democratic form of government. Others do not.

I must say that I do not entirely trust the legal minds downtown when they go to work on some of the legislation that comes out of the Congress. I do not entirely trust them unless the legislation is very, very clear as to just what it means.

I agree with the Senator completely that we should not differentiate in favor of Poland as against Yugoslavia.

Mr. LAUSCHE. But we are, under the amendment of the Senator from New Hampshire; and if a Senator shall be asked, "On what theory did you deny aid to Tito and at the same time grant aid to Gomulka?" he will not be able to give a rational answer.

Mr. COTTON. If the Senator will change his amendment even to read "a country known to be dominated by communism or Marxism," I will vote for his amendment.

Mr. LAUSCHE. I will accept that modification.

The PRESIDING OFFICER. Does the Senator from Ohio accept the modification?

Mr. LAUSCHE. Yes.

The PRESIDING OFFICER. It will have to be done by unanimous consent, now that the yeas and nays have been ordered.

Mr. LAUSCHE. Will the Senator repeat his proposal?

Mr. COTTON. Instead of using the words "having a Communist form of government," substitute the words "known to be dominated by communism or Marxism."

Mr. LAUSCHE. I do not believe there is any difference, and, if there is no difference, I will accept it.

I ask unanimous consent that my amendment may be so modified.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the amendment is so modified.

The amendment, as modified, is as follows:

On page 11, after line 24 insert:

"(g) No assistance shall be furnished under this Act and no commodities may be sold or given under the Agricultural Trade Development and Assistance Act of 1954, as amended, to any country known to be dominated by communism or Marxism. This restriction may not be waived pursuant to any authority contained in this Act."

Mr. LAUSCHE. I yield back the time at my disposal.

Mr. SPARKMAN. I am ready to yield back the remainder of my time, if the Senator from Ohio does likewise, and I suggest the absence of a quorum.

The PRESIDING OFFICER. All time on the amendment is yielded back.

The absence of a quorum has been suggested, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. All time has been yielded back. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. LAUSCHE], as modified. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from North Dakota [Mr. BURDICK], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Michigan [Mr. MCNAMARA], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Rhode Island [Mr. PASTORE], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Oregon [Mr. MORSE] are absent on official business.

I further announce that the Senator from Arkansas [Mr. FULBRIGHT], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Pennsylvania [Mr. CLARK], and the Senator from West Virginia [Mr. RANDOLPH] are necessarily absent.

On this vote, the Senator from Nevada [Mr. BIBLE] is paired with the Senator from Tennessee [Mr. KEFAUVER]. If present and voting, the Senator from Nevada would vote "yea," and the Senator from Tennessee would vote "nay."

On this vote, the Senator from South Carolina [Mr. JOHNSTON] is paired with the Senator from West Virginia [Mr. RANDOLPH]. If present and voting, the Senator from South Carolina would vote "yea," and the Senator from West Virginia would vote "nay."

On this vote, the Senator from Pennsylvania [Mr. CLARK] is paired with the Senator from South Dakota [Mr. CASE]. If present and voting, the Senator from Pennsylvania would vote "nay," and the Senator from South Dakota would vote "yea."

I further announce that, if present and voting, the Senator from Rhode Island [Mr. PASTORE] and the Senator from Oregon [Mr. MORSE] would each vote "nay."

On this vote, the Senator from Oregon [Mrs. NEUBERGER] is paired with the Senator from Nebraska [Mr. CURTIS]. If present and voting, the Senator from Oregon would vote "nay," and the Senator from Nebraska would vote "yea."

Mr. KUCHEL. I announce that the Senator from Connecticut [Mr. BUSH], the Senator from Maryland [Mr. BUTLER], the Senator from South Dakota [Mr. CASE], the Senator from Arizona [Mr. GOLDWATER], the Senator from Iowa [Mr. MILLER], and the Senator from Kentucky [Mr. MORTON] are necessarily absent.

The Senator from Nebraska [Mr. CURTIS] is absent because of death in his family.

If present and voting, the Senator from Arizona [Mr. GOLDWATER] and the Senator from Iowa [Mr. MILLER] would each vote "yea."

On this vote, the Senator from South Dakota [Mr. CASE] is paired with the Senator from Pennsylvania [Mr. CLARK]. If present and voting, the Senator from

South Dakota would vote "yea," and the Senator from Pennsylvania would vote "nay."

On this vote, the Senator from Nebraska [Mr. CURTIS] is paired with the Senator from Oregon [Mrs. NEUBERGER]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from Oregon would vote "nay."

The result was announced—yeas, 57, nays 24, as follows:

[No. 77 Leg.]

YEAS—57

Allott	Engle	Mundt
Anderson	Ervin	Murphy
Bartlett	Fong	Pearson
Beall	Gruening	Proxmire
Bennett	Hartke	Robertson
Boggs	Hayden	Russell
Byrd, Va.	Hickenlooper	Scott
Byrd, W. Va.	Hickey	Smathers
Cannon	Hill	Smith, Maine
Capehart	Holland	Stennis
Carlson	Hruska	Symington
Church	Jordan	Talmadge
Cotton	Keating	Thurmond
Dirksen	Kuchel	Tower
Dodd	Lausche	Wiley
Douglas	Long, Mo.	Williams, Del.
Dworshak	Long, La.	Yarborough
Eastland	Magnuson	Young, N. Dak.
Ellender	McClellan	Young, Ohio

NAYS—24

Aiken	Javits	Moss
Carroll	Kerr	Muskie
Case, N.J.	Long, Hawaii	Pell
Chavez	Mansfield	Prouty
Cooper	McCarthy	Saltonstall
Gore	McGee	Smith, Mass.
Hart	Metcalf	Sparkman
Jackson	Monroney	Williams, N.J.

NOT VOTING—19

Bible	Fulbright	Morse
Burdick	Goldwater	Morton
Bush	Humphrey	Neuberger
Butler	Johnston	Pastore
Case, S. Dak.	Kefauver	Randolph
Clark	McNamara	
Curtis	Miller	

So Mr. LAUSCHE's amendment, as modified, in the nature of a substitute for Mr. PROXMIRE's amendment, was agreed to.

Mr. DIRKSEN. Mr. President, I move that the vote by which the Lausche amendment, as modified, to the Proxmire amendment, was agreed to be reconsidered.

Mr. KUCHEL. Mr. President, I move that the motion to reconsider be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. PROXMIRE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Wisconsin will state it.

Mr. PROXMIRE. I understand that the Lausche amendment is a substitute for my amendment. Therefore, I understand that the Lausche amendment, as modified, replaces my amendment. As a result, since the yeas and nays were ordered on the question of agreeing to my amendment, ordinarily we would now vote once again on the amendment of the Senator from Ohio, which is a substitute for mine. But since the opinion of the Senate has thus been expressed, I now ask unanimous consent that the previous order for the yeas and nays on the question of agreeing to my amendment be withdrawn, and that a voice vote be taken on the question of agreeing to my amendment, as now amended.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The question now is on agreeing to the amendment of the Senator from Wisconsin, as amended. [Putting the question.]

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. GRUENING. Mr. President, I call up my amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Alaska will be stated.

The LEGISLATIVE CLERK. On page 11, after line 24, it is proposed to add the following:

(F) After Section 620 add the following new section:

"SEC. 620A. PROHIBITION AGAINST USE OF FUNDS FOR CERTAIN HIGHWAY PURPOSES.—None of the funds authorized to be appropriated by this Act shall be used for making any grant or loan to any country for the reconstruction, rebuilding, or maintenance of any road or highway in such country in the construction of which United States funds, either in the form of loans or grants have been used."

Mr. GRUENING. Mr. President——

The PRESIDING OFFICER. How much time does the Senator from Alaska yield to himself?

Mr. GRUENING. Five minutes.

The PRESIDING OFFICER. The Senator from Alaska is recognized for 5 minutes.

Mr. GRUENING. Mr. President, I was a member of the Roads Subcommittee of the Public Works Committee which visited six Central American countries where our Government is constructing the Inter-American Highway. Under the provisions of many statutes, there was written into the law the understanding that the United States would pay two-thirds of the cost of construction of the Inter-American Highway, and the six recipient countries would pay the remaining one-third. However, when we visited those countries we made the interesting discovery that, with the single exception of El Salvador, those six recipient countries are paying their one-third with our foreign-aid money—a distinct violation of this provision of the act. The act also provides that before these countries may receive our funds, they shall guarantee the maintenance of the highway.

There is now a proposal that after we complete the construction of the highway—which now will cost an additional $32 million—these countries shall be allowed to maintain it with our foreign-aid funds. But we do not allow our own States to maintain the Federal system of highways with Federal funds; instead, under the Federal highway program, no State is allowed to use Federal funds to maintain those highways. Therefore, I think it proper that we apply the same standard in the case of roads built in foreign countries with U.S. Government funds.

After a highway has been built in a foreign country with our funds, I think it entirely proper that the country in which the highway is built maintain it with its own funds. That is the purpose of my amendment, and I believe it should be adopted. Otherwise, this drain on our national treasury would continue indefinitely. I believe it is clear that following the construction in other countries of roads which are built with the use of our foreign-aid funds, those countries should maintain the roads.

Mr. President, on the question of agreeing to my amendment, I request the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. HICKEY. Mr. President, will the Senator from Alaska yield?

Mr. GRUENING. I yield.

Mr. HICKEY. Is it not a fact that a year ago many of us who supported the administration's foreign aid proposal did so with the understanding that there would be a better administration of the funds?

Mr. GRUENING. Yes; and it was on that basis that I supported every vestige of this program after the Kennedy administration came into office. But I did not support the double standard which existed under the Eisenhower administration, which was that Federal funds should not be used for many needed projects in our own country, but that Federal funds would be used for construction of similar and even more elaborate projects in other countries, and that the funds contemplated for use abroad for that purpose were sacrosanct and should not be touched or reduced. That was one reason why I could not support the foreign aid program.

A second reason why I could not support it was that it was so badly administered and such shocking waste and misuse of funds characterized it. I made these reasons amply clear on the floor of the Senate, and I introduced amendments designed to rectify the situation, some of which have been adopted.

However, when the Kennedy administration came in, there were two important changes. In the first place, the double standard which existed under the Eisenhower administration was largely abolished. Under the Kennedy administration we have resource development in the United States and support for important projects at home which we did not have under the preceding Republican administration; and we also have the specific declarations of this administration to the effect that it knew the program had been badly administered, that changes would be made, and that certain responsibilities and reforms would be required of the foreign countries receiving our funds. In these circumstances, last year I voted right down the line for the foreign aid program, both as to legislation and appropriations.

But now, unless the administration of this program is improved—and I see no sign of that as yet—it will be difficult for me to support it.

Mr. HICKEY. I thank the Senator from Alaska.

I have another question to ask: With regard to what the Senator from Alaska and I specifically know of the administration of the foreign-aid act, particularly its highway aspect, is it not a fact that we know of a particular instance in which a man who left the Wyoming Highway Department and went to Alaska, and who subsequently has left the Alaska Highway Department, now, without consultation with the Senators from Wyoming or the Senators from Alaska, is on his way to a highway post in the foreign-aid highway program?

Mr. GRUENING. That, I believe, is correct. That man was discharged from service in the highway department in Alaska, on the ground of incompetency; and I understand he had a similar experience in Wyoming. Whether he is an employee of the foreign aid administration I do not know. The newspapers reported that he was going to a South American country to build roads there.

Mr. HICKEY. I thank the Senator from Alaska.

The PRESIDING OFFICER (Mr. MUSKIE in the chair). The time of the Senator from Alaska has expired.

Mr. LAUSCHE. Mr. President, will the Senator from Alaska yield for a question?

Mr. GRUENING. I yield myself 5 additional minutes, Mr. President.

The PRESIDING OFFICER. The Senator from Alaska is recognized for 5 additional minutes.

Mr. GRUENING. Now I yield to the Senator from Ohio.

Mr. LAUSCHE. Does the amendment of the Senator from Alaska contemplate that Federal funds shall not be used for the maintenance of highways which have been constructed by means of either our loans or our grants?

Mr. GRUENING. That is correct. I believe that once we have paid for the construction of a highway in a foreign country, our funds should not be used indefinitely to maintain it.

Mr. LONG of Louisiana. Mr. President, will the Senator from Alaska yield to me for a question?

Mr. GRUENING. I yield with pleasure to the Senator from Louisiana.

Mr. LONG of Louisiana. Is it correct to say that under our law the Federal Government will not aid the States to maintain the Federal system of highways?

Mr. GRUENING. That is correct. Yet it is proposed or contemplated that Federal funds will be used for the maintenance of roads which, by means of the use of U.S. funds, have been constructed in various other countries. I believe that would amount to a double standard which would in my view be improper.

Mr. LONG of Louisiana. If the Federal Government is not going to help any of the States of the Union to maintain their highways, I take it the Senator believes the same situation should apply to foreign countries.

Mr. GRUENING. I have no objection to using foreign aid money for the maintenance of highways which they have built with their own funds if it is necessary. I refer only to highways which have not been built with our foreign-aid funds.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. CHAVEZ. I have participated in the building of the Inter-American Highway from the start. We were certainly for it, and we appropriated money for it. During the last few years of the preceding last administration we provided $8 million to be divided over 4 years. The administration sent a letter to the Public Works Committee, which is on record, stating, "If you give us the money all at once, we will not ask you for any more." The committee now has a letter in which $30 million more is requested.

I do not want the State Department to make decisions for Congress. I am not for this idea. It is unfair. We were told, "If you give us $8 million at once, we will not ask for any more." Now the administration wants $30 million more. I am not going to introduce a bill for it.

I want the Congress to have something to say about what should be done. The State Department wants $30 million more. I am not going to introduce the bill.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. CHAVEZ. I yield.

Mr. GRUENING. No man has done more to strengthen our Inter-American relations than has the distinguished senior Senator from New Mexico. The Inter-American Highway is a magnificent project. I have supported it right along. Some of the figures we have obtained in the Public Roads Administration, however, were completely misleading. Whereas the Department asked for $25 million to complete the project some time ago, which the Congress voted, it now wants an additional $32 million.

My amendment would apply after we have voted whatever Congress has seen fit to provide for constructive highways in foreign lands. Then the responsibility for the maintenance of the highways would be, if my amendment prevails, on the recipient countries, and not upon the United States.

Mr. CHAVEZ. But I do not trust them. That is the difference between the Senator from Alaska and me.

I am a part of the history of the Inter-American Highway. I walked all over it. I have seen it. I know it is good. But the Department sent a letter to my committee, stating, "Instead of giving us $8 million in 4 years, if you give it to us now we will complete it." We did it for the previous administration. Notwithstanding, the Department has written the committee another letter. It now wants $30 million more. I am against it.

Mr. KEATING. Mr. President, will the Senator from Alaska yield for a question?

Mr. GRUENING. I yield with the understanding that I do not lose the floor.

Mr. KEATING. Is the Senator's amendment limited to the Inter-American Highway, or does it apply to any country we might be assisting in the building of a highway, and prohibit use of the funds for maintenance?

Mr. GRUENING. That is what my amendment seeks.

Mr. KEATING. It is general in scope?

Mr. GRUENING. It is general in scope, because the principle applies everywhere.

Mr. KEATING. Can the Senator from Alaska or the chairman of the committee inform us whether or not at this time funds are being used under the program for the maintenance of highways apart from the Inter-American system?

Mr. GRUENING. I do not know, but I have been told that after we complete the Inter-American Highway with the addition of another $32 million, proposals will be made in the foreign aid program for the use of this money to maintain the highway; and that is what I oppose.

Mr. KEATING. Will that be in the coming year?

Mr. GRUENING. A provision of the kind described should be written into the Act so that countries now in the process of receiving the money can make preparations for the training of road maintenance personnel. Another 2 years will be required to complete the Inter-American Highway. In that period our public roads engineers should be able to help train personnel in the public works administrations of those countries to maintain the road. After all, that is a part of the educational purposes of the foreign aid bill. We are not giving these countries money alone; we are trying to give them training and education. It is the purpose of the foreign aid bill not only to grant or lend them money, but to train them to help themselves.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. CHAVEZ. I am for foreign aid, for roads, for schools, for water pollution control, for any public purpose. We have helped in connection with the Inter-American Highway.

The Inter-American Highway is that part of the Pan American Highway from the U.S. border to Colombia. I have worked on it like a slave. But I do not like the fact that one administration asked my committee to give it $8 million at once and it would be through. Now the Department writes me a letter asking me to "introduce a bill to give us $32 million more."

Before I introduce any such proposed legislation, I want to know why; and I ask that question in all kindness. I know those people. I can say the "Hail Mary" in Spanish with the best of them. But Uncle Sam's rights should be secured. I will be switched if I will introduce a bill to give $32 million to keep some local politicians in power, in spite of the committee that my good friend belongs to.

Mr. KEATING. I hope that during the debate the facts will be brought out with respect to what other aid is involved in addition to the aid in Latin American countries.

Mr. GRUENING. Does not the Senator from New York agree that our foreign aid program has a double objective? It provides economic aid; and it is also, concomitantly, is suposed to train people in the wise use of foreign aid.

Mr. KEATING. That is correct.

Mr. GRUENING. If we have in mind merely thrusting money upon these people, leaving them in a state of a lack of knowledge about the use of funds, the money would be more than wasted. Damage would be done. There would be a great disillusionment. We would open the way to communism and to Castroism.

Particularly in the case of the Inter-American Highway, if the funds to complete it are secured, it will take another 2 or 3 years to complete the work. Meanwhile, our public roads officials would be supervising the work, and they ought to be able to train the highway administration personnel of the six Republics how to maintain the highway which has been built. They are working on that highway now. Is it not reasonable that in such a length of time they should be able to train the people who will maintain the highway if the people in those countries do not have the knowledge now? They ought to have acquired the knowledge during the 20 years of building of the highway.

Otherwise, this would become a bottomless pit into which to pour money for maintenance of roads all over the world. It would stifle enterprise and initiative on the part of the countries involved.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. GRUENING. I yield.

Mr. CHAVEZ. I make these remarks for the benefit of my friend from New York.

We have built the road. The bulk of the cost has been paid by the American taxpayers. Why should not the people of those countries do something to maintain the road? In the so-called diplomatic enterprises engaged in by the State Department, the American taxpayer is asked to maintain the roads and to keep them up.

I like the people south of the border so well that I want them to do their share. I want to permit them to help keep up the roads.

The good thing we have done for those people is to build the roads. Roads bring enterprise. People are able to see their relatives. They can go to town to buy merchandise. The cars which travel on the roads come from Cleveland and from Detroit.

I know what this is all about. I say these things in all sincerity. Not more than one out of a hundred knows the Latin American people better than I do. But I know their philosophy and their understanding of life. These people either are quite poor or very rich.

I should like to apply a little of the American democracy to the poor fellow, the Mexican of Spanish extraction. That is my only interest. I should like to have them act as we do.

Mr. HOLLAND. Mr. President, will the Senator yield some time to me?

Mr. SPARKMAN. How much time would the Senator like?

Mr. HOLLAND. Five minutes.

Mr. SPARKMAN. I yield 5 minutes to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is recognized for 5 minutes.

Mr. HOLLAND. Mr. President, I strongly oppose the amendment, not at all because I am in favor of a taking over by our country of all maintenance costs of all highways, whether they be the Inter-American Highway and the Rama Road or numerous other highways in other countries which we have helped to build, but because I think this kind of an amendment is against our own interest and against the interests of many of our people who are carrying on work important to us and to the friendly neighboring countries along the highways we have helped to build.

Reference has been made to the Inter-American Highway. I have traveled over practically every foot of it, on two occasions. In my judgment, we went into that project not wholly because we wished to help our neighbors but also because it was of very material importance to us to have land access to the Panama Canal. I know that was one of our objectives.

It happened that I handled the hearings in the committee so ably headed by the distinguished Senator from New Mexico [Mr. CHAVEZ] some years ago when I had the honor of being a member of his committee. I well remember that the question of access for ourselves to the Panama Canal was a matter of real importance.

It would not make sense for us to put up two-thirds of the cost—not of the entire mileage, because Mexico built the 1,600-odd miles within Mexico itself—in the small countries, which have about half the mileage, and then sit back and say, "No matter how impassable the road should become, due to a want either of facilities or of know-how or of money on the part of our neighbors who are vitally affected, we will not take any part, either through loans or grants, in maintaining it and keeping it in operating shape as an important trunk highway." I do not think that would make sense.

Mr. President, in addition, there are many other highways in which we have made investments. In Guatemala, in El Salvador, in Costa Rica, and perhaps in every other Central American country, though I cannot speak for every one, there are highways traversing the agricultural areas, the rich areas of those nations, upon which the United Fruit Co. and various other investing and producing companies are carrying on operations which are important to us and important to the economies of those countries. Shall we say that we have no interest in those highways because we have contributed a portion of the cost of construction? Shall we say that we are unwilling to make a loan, if a loan is required by reason of a landslide?

I went through a landslide area in the Selegua Canyon, where my distinguished friend also visited. We saw a disaster brought on by a cataclysm of nature, which caused damage into the hundreds of thousands of dollars, and perhaps millions of dollars.

Mr. CHAVEZ. Not only that, but 27 lives were lost.

Mr. HOLLAND. My distinguished friend reminds me that 27 lives were lost. Shall we say that such an unforseen accident at that would not justify us in lending—the amendment covers both loans and grants—or granting to one of our friends in such a situation of disaster money to open up and to put in operating condition an important trunk highway?

Mr. President, that does not make sense to me.

Mr. CHAVEZ. Mr. President, will my friend permit an interruption?

Mr. HOLLAND. I yield gladly to my distinguished friend.

Mr. CHAVEZ. I agree completely with what the Senator is saying, but I do not want the amendment to go through and to have the Government make loans or grants to do unnecessary things, and then have people come to the Committee on Public Works to ask for $32 million more. That is the only point.

Mr. HOLLAND. Mr. President, I gladly grant to the distinguished Senator both the jurisdiction and the good sense to deal with any such legislation before his committee as it should be dealt with. I am now talking about what is proposed in the amendment, under which it would be stated that we could not lend or grant any of our money for road maintenance regardless of the need, to a friendly nation we might have helped to build the road. In the case of the six weaker nations on the Inter-American Highway, we put up approximately two-thirds of the funds. It would be said that we could not make any grant or any loan which would allow our country to keep in an operating condition the highway which is important to us or important to industries financed by American money.

Mr. CHAVEZ. May I interrupt my friend again?

Mr. HOLLAND. I yield to the Senator from New Mexico.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HOLLAND. Mr. President, will the Senator yield me 5 additional minutes?

Mr. SPARKMAN. I yield 5 more minutes, Mr. President.

Mr. HOLLAND. I thank the Senator.

Mr. CHAVEZ. On the Mexican border there is a place called El Capon, 2,000 feet high. The road cannot be built there in 3 months. It cannot be built in 6 months.

I could take the Senator to places on the Costa Rican and Panamanian borders thousands of feet high. He has probably been there. We cannot build a road through there for $100,000, I know it. The only point I am trying to make is that if we are to give them the money now, I do not want to see the money expended from the public works appropriation.

Mr. HOLLAND. Mr. President, I thank the Senator for his comment. I wish to make one other suggestion. I have been down along the mileage of the Rama Road. We agreed to build that road. We are now completing it. It is a defense road that extends from the Caribbean to the Pacific. No such road across Nicaragua previously existed.

By a provision such as the one proposed, shall we bind ourselves not to lend or to grant money if such loan or grant should become necessary to keep in operable condition a highway which is as important as that one? I have dealt only with the situation in Central America, but I am told by my distinguished friend, the Senator from Alabama [Mr. SPARKMAN], the Senator who is handling the bill, that in dozens of countries there are highways which we have helped to build, or built, or loaned money to enable them to be built, which are extremely important to the economy of friendly nations which we are trying to help and trying to get in a more independent situation. Shall we say that we are not willing to go an inch farther, regardless of what effect our failure to do so would have on our planning and our programs? I hope the Senate will reject the amendment.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield to the Senator from New Mexico.

Mr. CHAVEZ. I personally love the ruling family of Nicaragua, though I do not agree with them politically or philosophically. Nevertheless, the best job ever done was the building of the Rama Road. The Rama Road will mean more to the economy of Nicaragua than the Inter-American Highway. I have been from the Pacific to the Atlantic. I have eaten American roast beef with the roadbuilder from North Carolina who is building that road. It will mean dollars and cents. It will mean a great deal to the families in that area. It is the best road of all the roads we are building. It is a road arranged between Roosevelt and Somoza. We promised to build that road for the Nicaraguans. That was the reason for the Rama Road. That road means more to Central America than even the Inter-American Highway.

Mr. HOLLAND. Mr. President, the Senator is doubtless correct. In fact, in the event of a blockage of the Panama Canal, either through enemy attack or natural disaster, that road would be the easiest and most traversable road across the continent which would be available to us. Notwithstanding our recognition of that fact, and the fact we put up much of the money for the construction of the road, shall we say that we are not interested in continuing the maintenance of the road? I do not think we should take that position, and I do not believe that Congress will take that position.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. GRUENING. Is the Senator aware that under the statutes enacted by the Congress the Central American countries are required to pay one-third of the construction cost, and that, with the exception of San Salvador, the one-third has been paid almost wholly out of our own foreign aid funds?

Mr. HOLLAND. I am aware of the fact that one-third of the cost was to be paid by the six Central American countries, and not a dime by us in Mexico. Mexico has constructed half of the whole mileage of the Inter-American Highway from her own funds. I am aware that some funds——

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SPARKMAN. Mr. President, I yield 2 additional minutes to the Senator from Florida.

Mr. HOLLAND. I am aware of the fact that some funds of the type mentioned by the Senator have gone into the Central American part of the construction.

Mr. GRUENING. Not merely some, but practically all.

Mr. HOLLAND. I am also aware of the fact that the people of those countries, with their small populations and their small budgets, have undertaken a tremendous task to do the part that they have assumed. I thought we went into the project to try to help them and to help ourselves as well. I cannot conceive of our saying that once constructed, we are through with the project, regardless of whether the roads are maintained or not.

Mr. GRUENING. Mr. President, will the Senator yield for a further question?

Mr. HOLLAND. I yield.

Mr. GRUENING. Does not the Senator believe it would be of great help to those countries with whom we have been working for a decade or more in building roads, if they knew the responsibility to maintain the road would fall upon them when it is completed in 2 years? Would they not make an effort to learn how to maintain the highway, and to be self-sufficient in doing so? Does the Senator further know that Title 23, section 212, specifically provides that we shall build no highways unless the governments of those countries have agreed to maintain them? The section reads as follows:

> (5) will provide for the maintenance of said highway after its completion in condition adequately to serve the needs of present and future traffic.

Mr. HOLLAND. Mr. President, I know the provision of the law to which the Senator refers, since I handled that statute in the hearings and on the floor of the Senate.

Some of the countries to which the Senator has referred have not gone the limit in meeting their obligations. Others have. When they have gone the limit in meeting their obligations, I do not believe in tying our hands so that we cannot help them. I thank the Senator for yielding to me.

Mr. SPARKMAN. Mr. President, as I said earlier today when the distinguished Senator from Alaska proposed the amendment, I do not believe it should be offered. Certainly I do not believe it should be agreed to. I made the point, which I discussed somewhat with the Senator from Alaska, that he was using as a basis of his argument facts that he had ascertained with reference to the Inter-American Highway, overlooking the fact that his amendment would have a worldwide effect and would apply to programs all over the world. The Senator from Florida [Mr. HOLLAND] has made a very telling argument, even with reference to the Inter-American Highway, and particularly with reference to the Rama Road. That is an example of what we might run into. It is a road that we built or helped to build. It certainly served an interest of the United States. It is a defense project in every practical sense of the word.

Mr. KEATING. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. I yield.

Mr. KEATING. Have we not built roads in South Vietnam and in other areas in which we have a real interest, and would not those roads be covered by the amendment?

Mr. SPARKMAN. Yes. There is a road from Saigon running north, as I recall. I hope the Senator will not check me too closely on the distance, but I think it went in 450 kilometers to open up the country. It was a defense undertaking.

Mr. KEATING. The amendment would prevent any funds being used to maintain that road, even though we might feel that to maintain it would be very much in the interest of the free world.

Mr. SPARKMAN. The Senator is exactly correct.

Mr. SPARKMAN. Yes; the Senator is absolutely right. That is a good example. We built one road in Cambodia, to connect Phnom Penh with the seacoast harbor which serves the country.

Not only that, Mr. President, but as we move into the underdeveloped countries in the world, one of the first things we do is to help people build roads. Most of these countries do not have roadbuilding know-how. They do not have roadbuilding technicians. They do not have the technicians that are necessary to help build the roads. In the exchange with the Senator from Alaska earlier today I believe he agreed with me in that connection, and said we ought to have some kind of program to train technicians. I believe he is right. We ought to have a program to train technicians. However, one does not train roadbuilding technicians overnight. Road maintenance is quite a problem. It is quite an undertaking. We ought not to build a road unless we will help maintain it until the people in the country are capable of maintaining it themselves. I mean from a technical sense, that is. We must provide for it in some way. I do not believe there is any way to get around that problem if we are to carry on this program.

I suppose we could pick out many instances. It is true not only with respect to the new nations of the world, but also with respect to some of the Latin American countries. The Senator from Alaska has related the whole proposal to the one road, the Inter-American Highway. There are a great many South American countries and Central American countries which need roads. I have traveled over some very fine roads in South American countries. I have been in other countries which have virtually no roads at all, and which have no technicians who can build roads and help maintain them.

The Senator's amendment virtually says that we are going to withdraw from roadbuilding. That is about what

it says. It says that in spite of the fact that it is usually recognized that road-building is one of the most important early steps to be taken in an underdeveloped country. I may say to my friend from Alaska that I wish very much he would agree to withhold his amendment and let us in our conference report, which will be filed, take up this problem and, insofar as it is necessary, treat with it in connection with what the Senator and his subcommittee found to exist in Central America, and treat with this problem of technicians.

After all, this is an administrative matter so far as the whole program is concerned. I wish the Senator from Alaska would agree to that kind of procedure.

Mr. GRUENING. I would like to say to the distinguished Senator from Alabama that if the Senate were to adopt the amendment I have no doubt that officials of the State Department would rush up to the conference committee and tell them that the amendment would ruin the whole program. They have done that time and time and again with respect to amendments that were good amendments. We are always told that it would ruin the whole program.

An amendment which I sponsored was passed by the Senate last year by a vote of 74 to 16. It tried to prevent some increases in the rate of the interest payment on loans that were made to Latin American countries. In conference the State Department said it would ruin the whole program if we did not allow the Latin American moneylenders to have their way in increasing the interest rates, to triple and quadruple the amount of interest on the money we loaned them.

I should like to see this amendment on highway maintenance voted up or down. Whatever the result, I hope these countries will be given to understand that once we build a road with our funds and have the opportunity to train the people in those countries to maintain it, after it is built, they will be expected thereafter to maintain it.

Mr. SPARKMAN. I wish the Senator from Alaska had brought the amendment before the Committee on Foreign Relations, where we would have had an opportunity to get some information on it, and to find out to what extent we are engaged in roadbuilding all over the world in various countries.

We are faced with an amendment that is brought to us cold, so to speak. It has not even been printed. It is not lying on Senators' desks. We are asked to pass upon it. We are asked to pass on a program that is as complex as this one is, as the Senator from Florida has so well pointed out. It is not my conception of the way we ought to legislate.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. HOLLAND. The Senator has mentioned one matter upon which I should like to make further comment, and that is, that the building of these roads has a great deal to do with the development of better understanding and peaceful adjustments between neighboring countries. I had the honor, representing the Senate, to attend the opening of the Inter-American Highway where it crosses from Nicaragua into Costa Rica. The border between these two countries had been closed for months. There had been some pitched battles along the border. The customs-house on one side had been shot to pieces, and everyone in it killed. Yet on this occasion there were thousands of people gathered from both countries. Immediately after the dedication was completed, hundreds of automobiles drove from Costa Rica into Nicaragua and from Nicaragua into Costa Rica.

There simply is no way of estimating the value from the standpoint of our helping to build better understanding and more cordial relations, not just by the building of the road but also in keeping it open as a means of communication and exchange of ideas and of commerce.

I hope the Senator from Alabama will prevail in his objection to the amendment.

Mr. SPARKMAN. I appreciate the comments of the Senator from Florida. Let us take, for example, the case of an underdeveloped country which we try to help. Certain basic things are involved. One of them is roads. Then there are transportation, communication, utilities, sanitation, and education. Those are the basic things that we start with in trying to help a country. I just cannot see crippling a program like this.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MAGNUSON. We have had constant criticism of roadbuilding under the foreign aid program, although not of the basic principle of building roads. The criticism has been directed to the building of roads in certain places instead of in other places; the building of them in one place in preference to another place.

The same situation was true in the beginning with respect to our own road-building programs. We finally made the States submit plans. If the plan looked reasonable and feasible, we would go ahead. My question is, what control do we have over a country to whom we give road money to see that it uses it for the best possible use? Of course there is always an argument as to where the road should be located.

Mr. SPARKMAN. The country must submit a plan.

Mr. MAGNUSON. Does it submit a plan?

Mr. SPARKMAN. Oh, yes. It must submit a plan.

Mr. MAGNUSON. Just as a State must submit a plan in this country?

Mr. SPARKMAN. Yes. In many countries the purpose of the road is to connect economic areas. In the case of the road in South Vietnam, to which reference has been made, it not only connects different parts of the country useful from an economic standpoint, but also from a defense standpoint. I do not know this for a fact, but I dare say that we are making splendid use of that road today as a defense highway.

Mr. MAGNUSON. I wish to add this personal note. The distinguished Senator from Alaska and I are not expert roadbuilders. However, at one time, about 23 years ago, we were members of the International Highway Commission. We found some problems connected with roadbuilding. We finally ended up with the Alaskan Highway to Alaska. It was not located where we wanted it to be located. We still are having trouble with the location.

I am sure that the Senator from Alaska is motivated to some extent by his experience when he speaks about the building of roads in other countries, when they are built at a certain location instead of what is considered a better location. I hope there will be some strict looking at the plans that the countries have for roadbuilding. I say that because when we go into some of these countries, the situation with respect to the location of roads is apparent. As we all know, in State legislatures it was difficult, at first, to get a road plan adopted if the plan did not include the putting of the road in the area served by a particular legislator. We got out of that habit. However, in some parliaments that is not true. I am glad to have the Senator from Alabama say that there is some strict surveillance of the plans.

Mr. SPARKMAN. There is. The plans have to be submitted. I think we can rest assured that very close attention is paid to this problem.

Mr. MAGNUSON. There is nothing that subjects itself to more logrolling, as it is called, in legislatures or administrative bodies than the building of roads, unless we watch it very carefully, as any Governor can testify.

Mr. GRUENING. I have much sympathy with and understanding of the point of view which was submitted by the junior Senator from Alabama. I think he has much in favor of his side of the question. Nevertheless, I think that when the United States builds a road in another country, it should be essentially a part of our program to train local people who are associated with us, so that when we leave the country, we will not be asked indefinitely to maintain the roads.

Mr. SPARKMAN. I agree. If the Senator would modify his amendment so as to provide that kind of requirement, I would go along with him; in fact, he suggested earlier in the day that he might do that.

Mr. GRUENING. The trouble is that no time limit would be provided. I believe that if we vote the amendment into the bill, the countries which receive our aid will thereafter be on notice that during the remaining years of the program, they must become knowledgeable and be able to assist us and themselves.

The United States has been building roads in Central America for 20 years. During those 20 years it was to be hoped that the road agencies of those countries would learn something about road construction and maintenance, so that when we left, after having put over $100 million into new road construction, they would have the know-how to maintain

the roads. Actually, such a provision is in the act. The act requires the countries to do that. The amendment merely provides that the foreign aid program shall not be used to nullify legislation passed by Congress. The act provides that before we build the inter-American highway in Central America, those countries shall agree to maintain it after we have concluded our work.

Mr. SPARKMAN. That is with respect to the States?

Mr. GRUENING. No; it is with respect to Central America. The act so provides; I read the provision earlier.

Mr. SPARKMAN. I thought the Senator from Alaska was speaking of the Federal-State relationship in the United States.

Mr. GRUENING. No.

Mr. SPARKMAN. Mr. President, I yield 2 minutes on the bill to the Senator from Louisiana [Mr. ELLENDER].

The PRESIDING OFFICER. The Senator from Louisiana is yielded 2 minutes on the bill.

Mr. ELLENDER. It was my privilege during 1958 to travel the entire length of the so-called Inter-American Highway, and in my report to the Congress, contained in document No. 13 of the 86th Congress, 1st session, I made some reference to the highway and the progress that had been made up to the time of my visit.

I was accompanied part of the way on this trip in visiting the highway by Mr. Prentice Julian, who was division engineer of the Bureau of Public Roads.

I was informed in 1958 that this road would be completed in 1961 and that we would appropriate enough funds then to complete the highway. I understand now they are 30-some-odd million dollars short.

I ask unanimous consent that my observations as they appear on page 185 through 199 of the document to which I have referred, document No. 13, be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

INTER-AMERICAN HIGHWAY

During the course of my visit through Central and South America I had occasion to closely inspect the work now being done, and that which has been completed, on the Inter-American Highway.

It is my judgment that the completion of this great highway is an absolute necessity.

Not only will completion of this highway bring economic benefits to all of the countries through which it passes, but many, many more advantages will come.

For one thing, this ribbon of rock, blacktop, steel, and concrete will more closely link the United States with our neighbors to the south. Through this pathway, U.S. tourists will have an opportunity to more closely know our neighbors to the south and vice versa.

But what is more, it is my judgment that construction of the Inter-American Highway will assist in achieving political stability in all of the countries of Central America. Plans are now underway to erect joint customhouses at the border so that officials of adjoining countries can do their work under the same roof and thereby facilitate the movement of visitors.

In the past, distrust and ignorance of the ways and motives of other countries have erected visible barriers between ourselves and our friends to the south of us, and indeed, among themselves. However, with a free and equal exchange between these countries, made possible by a through highway, these barriers should soon fall.

It has long been one of my contentions that the shadows of fear which envelop one country and turn it against its neighbor are generally shadows of ignorance—of not knowing what neighbors are really like. So, I believe it is in Central and South America.

Of course there are serious economic and political problems which sometimes divide the nations in Latin America, and the building of this highway will by no means dispose of them overnight.

But I do believe that the Inter-American Highway, when completed, will bring about a better atmosphere in which those problems can carefully and freely be discussed. In short, it will aid in dispelling the fear that exists among the countries to the south of us.

I was gratified to see that so much work has already been completed on this highway.

On my entire trip along the highway, from Guatemala City to Panama City, I was accompanied by Mr. Prentice Julian, the division engineer of the Bureau of Public Roads, who is in charge of the overall supervision of the highway.

Headquarters for the Bureau of Public Roads personnel working on the Inter-American Highway is located in San Jose. Each country in Central America where portions of the Inter-American Highway are under construction has a district engineer who advises and supervises construction of the highway through the country to which he is attached.

I rode or flew over practically the entire 3,173 miles beginning on the Texas border, then on to Panama City. The road traverses many miles of mountainous country.

I understand that good material for building the road after it is graded is scarce and sometimes must be hauled from great distances. After the road is graded and a smooth surface made, a layer of large hard rocks is put over the surface. Then a layer of small rocks is added after which asphalt mixed with gravel is applied.

I would say that the two layers of rock, after being crushed and smoothed over, measure at least 18 inches in thickness. A good base is built before applying the asphalt.

I was informed that because of cave-ins on the roadbed due to excessive rains, which of course adds to the cost, it will be necessary to reduce the asphalt layer from 2 inches to about 1½ inches in thickness in some stretches of the road so as to complete the road within the estimates recently made.

The Inter-American Highway is considered to begin at the United States-Mexico border at Nuevo Laredo and extends across the countries of Mexico, Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica into Panama, terminating at the Panama Canal near Panama City.

The entire 1,600 miles across Mexico has been improved to bituminous surfacing by the Government of Mexico without outside financial assistance. The highway system in Mexico has been developed to the point where three additional acceptable alternate routes from the U.S. border to Mexico City are now available.

In Guatemala, the grading and minor drainage structures are virtually completed on the first 176 miles from the Mexican border south. Work is underway, or soon to be begun, on some 20 bridges which will complete the major drainage structures.

Proposals for surfacing these 176 miles have been invited for a public bidding in late November. From 37 miles north of Guatemala City to 35 miles south, the road has a bituminous surfacing. About 25 percent of this surfacing, some 18 miles, has been built by Guatemala without U.S. participation.

The central 57 miles on the section betwen Guatemala City and El Salvador is under construction to grading and drainage structures. With the work about 65-percent complete the contractor has encountered financial difficulties and operations have been suspended pending arrangements with the bonding company for completion of the work. The 12 miles next to the El Salvador border have been surfaced.

The entire 195 miles across El Salvador have been improved to a bituminous surfacing. Most of the work in El Salvador has been performed and financed by the Government of El Salvador. U.S. participation has been limited to financial assistance in the construction of 16 bridges, 50 miles of grading and crushed stone base, and 20 miles of bituminous surfacing. On this cooperative work the Government of El Salvador contributed considerably more than the statutory one-third of the cost.

In Honduras, 68 miles are under construction to grading and drainage structure and 25 miles have been completed to an all-weather road. The entire section across Honduras will be ready for surfacing by the middle of 1959.

In Nicaragua the first 35 miles from the Honduras border have been graded and proposals are being readied for the surfacing of that section. The next 48 miles are under construction with the grading and drainage structures about 70 percent complete.

From 64 miles north of Managua to 68 miles south the road has a bituminous surfacing. The last 22 miles before the Costa Rica border are being graded by the department of highways as a cooperative project.

The first 148 miles in Costa Rica, from the Nicaragua border, are under construction to bituminous surfacing with the contract work 80 percent complete. From San Ramon through San Jose to Cartago, a distance of 60 miles, the route has been constructed to a bituminous surfacing without participation by the United States.

From Cartago to San Isidro del General 71 miles of grading and drainage structures have been virtually completed although certain sections are not to the desired standards.

The work in this area was the most difficult and expensive of any encountered on the Inter-American Highway. For that reason $12 million in U.S. funds were appropriated to pay the entire cost of the work and no financial cooperation by Costa Rica was required.

From San Isidro to the Panama border, 134 miles, the grading and minor drainage work is underway and about 65 percent complete. Some 39 bridges remain to be constructed before this section can be open to any through traffic.

In Panama the first 29 miles from the Costa Rica border are under construction to grading and drainage structures with the work about 75 percent complete.

In the vicinity of David, 19 miles of concrete pavement have been completed, while work on grading the next 37 miles is now well underway.

A relocation is proposed between Remedios and Santiago to avoid considerable indirection. The existing route in this section is of low-type terrain and construction in the 65-mile relocation will be less expensive than attempting to modernize the longer existing road. Work on this section was to begin in the 1958–59 dry season.

From Santiago eastward for 33 miles the grading has been completed and bids for concrete pavement have been received. A 28-mile section, where the grading is about 85 percent complete, brings the route to the end of a 92-mile section of concrete paving extending to Panama City.

USED OPERATIONS AS WAR ACTIVITY

During World War II a project was conceived to open up a truck route through Central America to the Panama Canal as a defense support measure. No definite figures are available locally but it is reputed that some $50 million were spent in this activity.

In Guatemala the USED work was largely on the road from Tapachula, Mexico, to Quezaltenango and not on the Inter-American Highway. In Honduras, the route from the El Salvador border to San Lorenzo was graded and surfaced with selected material and some 12 bridges were constructed having stone masonry substructures and timber superstructures.

In Nicaragua the work was confined mainly to some bridge construction.

In Costa Rica the road from San Ramon to Barranca was opened up to give highway access to the port of Puntarenas. An access road from San Isidro de General to the coast at Dominical was constructed. Several temporary wooden bridges were built, in both northern and southern Costa Rica but the objective of opening up a truck route had not been achieved when the work was discontiued.

Work in Panama was mainiy confined to the reconnaissance and location surveys.

TRAVEL CONDITIONS

From Laredo to the Mexico-Guatemala border the road is all dustless surfaced.

From the Mexico-Guatemala border to Patzicia travel is possible using an old road in sections where bridge construction activities block the new road. Coution through construction activities block the new road. Caution through construction work and across temporary bridges is necessary. This section should be completed in 1960.

From Patzicia to 35 miles south of Guatemala City the road has a dustless surfacing. The next 57 miles is passable using the old road in some areas. The completion of the surfacing by 1961 is expected.

From Asuncion Mita, Guatemala, across El Salvador to the border of Honduras the road is dustless surfaced.

The entire distance across Honduras is passable with some eight of nine rivers crossed by fiords. High water may close the road for short periods at these fiords. All streams should be bridged by July 1959, and surfacing by 1960–61 is anticipated.

Across Nicaragua the road is all passable and all major drainage structures are in place. Completion of a dustless surfacing on the 106 miles now unsurfaced is scheduled for 1960–61.

In Costa Rica the road is passable only as far as San Isidro de General. Opening of the 134 miles from San Isidro to the Panama border will be delayed for the construction of 39 bridges. Travel should be possible by the end of 1960 with the section surfaced by 1961.

Travel should be possible from the Costa Rica border to David, Panama, by the end of 1958. Completion of pavement in Panama may be achieved by 1961.

At the conclusion of my remarks on the Inter-American highway there is an exhibit, labeled "exhibit A," which shows the status of the Inter-American highway as of October 31, 1958.

I was told that the entire road would be completed by early or mid-1961. Every effort should be made to attain that goal.

Although I am very much in favor of the Inter-American highway and urge its successful completion in as short a time as possible, there are a number of points I would like to raise in criticism of the highway work as now conducted.

The actual building of the highway has been often preceded by too little preparatory work, although the engineering work has generally been good. Hence, the original cost estimates on the highway have been much higher than events have borne out.

This is a deplorable situation but it appears that at the present time nothing can be done about it. However, I would like to point out one serious problem which may face the Inter-American highway in the very near future.

It is my judgment that ways and means should be devised now to maintain the road after its construction. The actual building of the Inter-American highway will mean nothing at all to the economies of all of Central America and North America if it is not properly maintained.

The old saying that a chain is as strong as its weakest link can also be applied to the Inter-American Highway.

Should one country fail to properly maintain its one section of the highway then the value of the entire highway will be seriously affected.

In my judgment some type of authority, composed of representatives of all the countries through which the road pass, should be created and made responsible for keeping the entire highway in good repair. In order that the authority would have enough money to make sure that the highway is in proper condition at all times, each country should be assessed a proportionate share of the overall amount needed to provide proper maintenance for the road. Ambassador Willauer of Costa Rica is a strong advocate of such a plan. As far as I know he is the originator of such a plan.

The authority should be empowered to use these funds as it might see fit to insure that the road remains in proper condition for travel at all times.

As a talking point to the individual countries through which the road passes, they should be reminded that each will benefit greatly, particularly by such things as increased values alongside the highway.

With this in mind, the individual countries could assess commercial establishments which use the highway within their respective boundaries, with the proceeds turned over to the Inter-American Highway Authority. On the other hand, an equitable gas tax could be imposed by all countries and the proceeds set aside for maintenance.

However, this problem may eventually be handled, planning should begin now.

EXHIBIT A

Status of Inter-American

Termini of sections	Approximate miles	Condition
Nuevo Laredo	1,600	Bituminous surfacing constructed by Mexican Government.
Mexico-Guatemala border	137	Grading and minor drainage structures completed bridge construction underway. Surfacing advertised for November bidding.
	39	Grading 93 percent complete. Surfacing advertised.
Patzicia	37	Bituminous surfacing completed.
Guatemala City	35	Do.
	7	Grading completed. Bridges under construction.
	42	Grading 60 percent complete. Work suspended because contractor in financial difficulty.
	8	Grading 90 percent complete.
Asuncion Mita	12	Bituminous surfacing completed.
Guatemala-El Salvador border.	195	Bituminous surfacing completed, only minor U.S. participation.
El Salvador-Honduras border.	94	26 miles in 3 sections have been graded and drained. 68 miles of grading and drainage and 16 bridges are under construction and 20 percent complete.
Honduras-Nicaragua border	35	Graded and drained. Surfacing to be begun this year.
Condega	48	Grading and drainage structures underway and 70 percent complete.
Sebaco	64	Bituminous surfacing completed.
Managua	68	Do.
La Virgen	22	Grading and drainage structures underway and 60 percent complete.
Nicaragua-Costa Rica border	148	Bituminous surfacing underway and 80 percent complete.
San Ramon	60	Old bituminous surfacing constructed by Costa Rica.
Cartago	71	Grading work about 80 percent completed, open to traffic.
San Isidro de General	43	Grading, minor drainage, and base course 50 percent complete.
	59	Grading, minor drainage, base course, and 1 bridge 70 percent complete.
	32	Grading, minor drainage, and base course 40 percent complete. The entire section from San Isidro to the border with Panama cannot be open to through traffic until 39 bridges, not yet under contract, are complete.
Costa Rica-Panama border	14	Grading and drainage structures 55 percent complete.
Concepción	15	Grading completed, bridge construction underway.
David	19	Panama City concrete pavement completed.
	37	Grading and bridge construction underway, 5 percent complete.
Remedios	65	New location plans being prepared for construction. Old road available for travel.
Santiago	33	Grading completed, bids received for Panama City concrete pavement.
Penonome	22	Grading and drainage structures underway, 80 percent complete.
Panama City	92	Panama City concrete pavement completed.

Status of Inter-American Highway Oct. 31, 1958

[In thousands of U.S. dollars]

Country	Mileage			U.S. funds					
	Surfaced	Under construction	Total	Spent or under agreement		Total	Probable future allocation	Total U.S. funds	Minimum matching funds from other countries
				Prior to 1954	Subsequent to 1954				
Guatamala	84	233	317	$7,666	$23,513	$31,179		$31,179	$15,590
El Salvador	195		195	1,860		1,860		1,860	930
Honduras		94	94	2,366	4,440	6,806	$584	7,390	3,695
Nicaragua	132	106	238	5,785	5,234	11,019	576	11,595	5,798
Costa Rica	102	311	413	[1] 23,126	24,327	47,453	5,591	53,044	19,432
Panama	111	[2] 205	316	[3] 8,596	19,432	28,028	670	28,698	11,478
Total	624	949	1,573	49,399	76,946	126,345	7,421	133,766	56,923
U.S. administration and reserve				2,765	1,920	4,685	252	4,937	
Mexico	1,600		1,600						
Total	2,224	949	3,173	52,164	78,866	131,030	7,673	138,703	56,923

[1] Includes US$14,180,000 not matched by cooperator.
[2] Includes 64.5 miles relocation now being designed for construction.
[3] Includes US$5,073,000 not matched by cooperator.

Mr. GRUENING. Mr. President, I yield back the remainder of my time.

Mr. SPARKMAN. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Alaska. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from North Dakota [Mr. BURDICK], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Michigan [Mr. MCNAMARA], the Senator from Oregon [Mr. MORSE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Rhode Island [Mr. PASTORE], and the Senator from Virginia [Mr. ROBERTSON] are absent on official business.

I further announce that the Senator from Pennsylvania [Mr. CLARK], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from South Carolina [Mr. JOHNSTON], and the Senator from West Virginia [Mr. RANDOLPH] are necessarily absent.

On this vote, the Senator from Rhode Island [Mr. PASTORE] is paired with the Senator from South Carolina [Mr. JOHNSTON]. If present and voting, the Senator from Rhode Island would vote "nay," and the Senator from South Carolina would vote "yea."

On this vote, the Senator from Arkansas [Mr. FULBRIGHT] is paired with the Senator from Virginia [Mr. ROBERTSON]. If present and voting, the Senator from Arkansas would vote "nay," and the Senator from Virginia would vote "yea."

On this vote, the Senator from Minnesota [Mr. HUMPHREY] is paired with the Senator from Nevada [Mr. BIBLE]. If present and voting, the Senator from Minnesota would vote "nay," and the Senator from Nevada would vote "yea."

I further announce that, if present and voting, the Senator from North Dakota [Mr. BURDICK], the Senator from Oregon [Mr. MORSE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Pennsylvania [Mr. CLARK], and the Senator from West Virginia [Mr. RANDOLPH] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Connecticut [Mr. BUSH], the Senator from Maryland [Mr. BUTLER], the Senator from South Dakota [Mr. CASE], the Senator from Arizona [Mr. GOLDWATER], the Senator from Iowa [Mr. MILLER], and the Senator from Kentucky [Mr. MORTON] are necessarily absent.

The Senator from Nebraska [Mr. CURTIS] is absent because of death in his family.

On this vote, the Senator from Nebraska [Mr. CURTIS] is paired with the Senator from South Dakota [Mr. CASE]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from South Dakota would vote "nay."

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from Iowa [Mr. MILLER]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from Iowa would vote "nay."

The result was announced—yeas 39, nays 42, as follows:

[No. 78 Leg.]

YEAS—39

Allott	Eastland	Magnuson
Bartlett	Ellender	Metcalf
Beall	Ervin	Moss
Bennett	Fong	Murphy
Boggs	Gruening	Pearson
Byrd, Va.	Hartke	Proxmire
Cannon	Hickey	Russell
Capehart	Hill	Stennis
Carlson	Hruska	Talmadge
Cotton	Jordan	Thurmond
Dirksen	Lausche	Tower
Dodd	Long, Hawaii	Williams, Del.
Dworshak	Long, La.	Young, Ohio

NAYS—42

Aiken	Holland	Muskie
Anderson	Jackson	Pell
Byrd, W. Va.	Javits	Prouty
Carroll	Keating	Saltonstall
Case, N.J.	Kefauver	Scott
Chavez	Kerr	Smathers
Church	Kuchel	Smith, Mass.
Cooper	Long, Mo.	Smith, Maine
Douglas	Mansfield	Sparkman
Engle	McCarthy	Symington
Gore	McClellan	Wiley
Hart	McGee	Williams, N.J.
Hayden	Monroney	Yarborough
Hickenlooper	Mundt	Young, N. Dak.

NOT VOTING—19

Bible	Fulbright	Morton
Burdick	Goldwater	Neuberger
Bush	Humphrey	Pastore
Butler	Johnston	Randolph
Case, S. Dak.	McNamara	Robertson
Clark	Miller	
Curtis	Morse	

So Mr. GRUENING's amendment was rejected.

Mr. SPARKMAN. Mr. President, I move that the vote by which the amendment was rejected by reconsidered.

Mr. MANSFIELD. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. DIRKSEN. Mr. President, I should like to ask the distinguished majority leader about the plans for the remainder of the day, and perhaps those for tomorrow.

Mr. MANSFIELD. Mr. President, in reply, let me say I believe the Senate should remain in session until about 7 p.m. today. Then, if agreeable to the minority leader and to other Senators, I should like to have the Senate convene at 11 a.m. tomorrow.

I ask unanimous consent that when the Senate concludes its session tonight, it adjourn to meet at 11 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I also ask unanimous consent that the Finance Committee be authorized to meet until noon tomorrow.

The PRESIDING OFFICER. Without objection—

Mr. CHAVEZ. Mr. President, I object until I know what the schedule for tomorrow will be.

Mr. MANSFIELD. There will be further amendments; and it is desired to have the session tomorrow convene at 11 a.m., so as to make it possible, we hope, to complete action on the bill tomorrow.

Mr. CHAVEZ. I thank the Senator from Montana.

Mr. DIRKSEN. I should like to suggest to the majority leader that there will be a minority conference tomorrow, and I assume it will continue until 11:30 or possibly 12 o'clock. Will there be a morning hour tomorrow?

Mr. MANSFIELD. Yes; there will be a morning hour, and we shall always try to protect the interests of the minority in this connection.

Mr. DIRKSEN. I assume that there will be no votes prior to 12 o'clock tomorrow.

Mr. MANSFIELD. Mr. President, in view of the statement which has been made, I wish to amend my request, if I may have the approval of the distinguished minority leader, and to ask consent that the session tomorrow begin at 12 o'clock noon, rather than 11 a.m.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. CHAVEZ. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. CHAVEZ. I should like to agree with the majority leader and with the minority leader——

Mr. DIRKSEN. We are in full agreement.

Mr. CHAVEZ. But I cannot agree, for I know more about Latin America than do the majority and the minority leaders, even though they are supposed to be thoroughly acquainted with conditions in that part of the world.

Therefore, Mr. President, I will not vote to authorize the appropriation of one cent of military aid to these countries, for such funds would be used by those in power to perpetuate themselves in office.

I am willing to vote for any authorizations of funds for proper purposes—for example, for the construction of roads.

Many times a military dictatorship wants to keep itself in power. We should be sure we do not help it to do so.

Mr. SPARKMAN. Mr. President, I yield 10 minutes to the Senator from Delaware [Mr. WILLIAMS].

ADMINISTRATION TAX PROPOSALS

Mr. WILLIAMS of Delaware. Mr. President, yesterday the Secretary of the Treasury, Mr. Dillon, announced in a speech in New York that this administration was about to recommend a tax cut of $7 to $9 billion next year.

No Member of the Senate is more interested in tax reductions than I am. I recognize that both the corporate and individual tax rate levels are very high. However, there is only one manner in which taxes can be properly cut; and that is, to reduce spending to the point where there is enough money in the Treasury to support the tax reduction.

For the past 15 months this administration has been spending beyond its income at the rate of $600 million a month. There is no possible chance in the foreseeable future that this deficit will be reduced.

It is estimated by the joint committee that next year the deficit will run from $6 to $7 billion.

Next week the Secretary of the Treasury will appear before the Finance Committee asking Congress to increase the ceiling on the national debt by another $8 billion. This is the third increase in the national debt ceiling requested by the Secretary during the past 12 months.

At the same time, I see no evidence on the part of either the executive branch or the Congress of any desire to cut down spending. On the contrary, increased spending programs are daily being authorized over and above preceeding appropriations. It can be safely said that there is no chance that we are to have a balanced budget next year.

It is now recognized that our revenues will be lower than what the administration had optimistically estimated last January. Therefore, I think it should be made very clear to the American people that the proposed tax cut is, in reality, only a little more political propaganda being put out in an election year. There is no chance for getting a bona fide tax cut until spending has been curtailed.

To finance a tax cut with borrowed money at a time of a relatively high level of employment would be the height of fiscal irresponsibility.

As a member of the Finance Committee, I will vote against any proposed tax cut when it can be financed only by borrowing money and increasing the national debt. If we keep handing this debt burden down to our grandchildren we are going to touch off a further round of inflation and further devalue the American dollar.

If the administration wishes to give a bona fide tax cut to the American people, I shall be glad to cooperate with them to accomplish this by reducing spending to the point that the Government can live within its income and thereby make it possible to reduce the tax burden on the American people.

It is a political farce to talk of a tax reduction under any other circumstances. It might serve as an idea for a stimulant to our economy at the immediate time, but the end result would be disastrous. It is sheer hypocrisy to lead the people to believe that they will get a tax cut, only to have them learn later that this is only an idle promise in a political year.

If the administration wishes to reduce taxes for the American people it should be considered in the honest way. Let us recognize that no government, whether it be at the National or State level, can spend itself into prosperity on borrowed money any more than a drunkard can drink himself sober.

I make these remarks as one who looks forward to the day when we can reduce taxes for the American people. If the administration wants to reduce taxes I hope it will approach the problem realistically and join some of us in the effort to eliminate wasteful and unnecessary spending.

I conclude my remarks by emphasizing once again that the present administration's proposed tax cut should be recognized as the political propaganda for which it was intended and that the American people are not going to get any bona fide tax cut until such time as Government expenditures have been properly curtailed.

Let us not overlook the fact that for the past several months we have been losing gold at an alarming rate. Irresponsible tax cuts in the face of huge deficits will only further shake the confidence of foreign investors in the stability of our dollar. We cannot afford this gamble.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield to the Senator from New York.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SPARKMAN. Mr. President, I yield the Senator 2 more minutes.

Mr. JAVITS. It is true, I believe that three kinds of tax cuts are possible, whatever one may think about the subject.

The first is the kind which the Senator has explained, the classic tax cut, by a reduction of expenditures.

Another tax cut would be a tax cut for incentives. If it were felt that management is not doing all it should do because of 90-percent tax rates, one might wish to cut the rate to 89 percent, to induce management to be more productive.

The third kind of possible tax cut is one which can be made when signs of a recession are apparent, in an effort to head off the recession. Perhaps the Senator would not favor that, but I would. One might find it necessary to head off a recession by taking action on a different type of tax cut.

Each of those types of tax cut is of a specialized economic character.

I agree with the Senator's point of view, whatever may be the diversity of our ideology, that we will get ourselves into a very bad position if, for strictly political purposes, we engage in a tax cut without any of the indicia which warrant it, which not only would complicate our budget structure, as the Senator has said, but also would add to our problems with respect to and complicate very materially our international balance of payments. One of the gravest problems we face is the problem that foreigners will draw down their balances if they think Americans are being improvident in a financial sense.

The Senator is to be complimented for his remarks and for bringing this subject out into the open. I shall seek reelection this year, also. I do not wish to do so at the cost of deceiving the people. I know the Senator has never lived in that way. It is necessary to tell the people what the proposals mean. If the people want a tax cut notwithstanding the dangers and the difficulties, we can think about it again, but the people certainly should understand what it will mean.

I am glad the Senator has presented the problem.

Mr. WILLIAMS of Delaware. I thank the Senator from New York.

I have said many times that in a real recession we should perhaps accelerate programs which we might otherwise postpone. At the same time, in order to do that in a period of high employment the administration should slow down some of the programs which are not immediately necessary, carrying them over for a day when they would be needed more.

It seems to me that when the United States has the highest rate of employment ever experienced in the history of this country, with the highest wage scales ever, the Government should be able to live within its income. If the Govern-

ment cannot live within its income now, we had better stop a while to ask ourselves when it will be able to do so.

The PRESIDING OFFICER. The time of the Senator from Delaware has again expired.

Mr. WILLIAMS of Delaware. Will the Senator yield me a couple of minutes more?

Mr. SPARKMAN. I yield the Senator 2 additional minutes.

Mr. WILLIAMS of Delaware. We must not lose sight of the fact that this proposal might destroy the confidence of many foreign investors and holders of American bonds. If those people ever decide that we in this country are not fiscally sound the result could be disastrous.

A strong American dollar is the bulwark of our free society.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I join the Senator from New York in commending the Senator from Delaware for his remarks.

I have filed with the Committee on Finance two bills; one relating to the retirement of debt, if the opportunities occur, and the other relating to periodical accountings of all expenditures and receipts of the Government. It seems to me that if and when the Senate Committee on Finance considers the bill to increase the debt limit the committee ought to consider also some provisions which would give us a better opportunity to know the total overall receipts and expenditures of our Government. I hope the Senator will consider that idea. I commend him for what he has said.

Mr. WILLIAMS of Delaware. I certainly will do so. I am familiar with the Senator's proposal. I know the Senator has many constructive points in them, and he can be assured that our committee will give his suggestions every consideration.

The day is long overdue when we should make a careful study and analysis of the expenditures and fiscal position of this Government.

Mr. CARLSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The time of the Senator from Delaware has again expired.

Mr. WILLIAMS of Delaware. Mr. President, I should like to yield to the Senator from Kansas. Will the Senator from Alabama yield me 2 more minutes?

Mr. SPARKMAN. I yield 2 minutes to the Senator from Delaware from the time on the bill.

The PRESIDING OFFICER. The Senator from Delaware is recognized for 2 minutes.

Mr. WILLIAMS of Delaware. I yield to the Senator from Kansas.

Mr. CARLSON. Mr. President, I commend the Senator from Delaware, the ranking minority member of the Committee on Finance, who has spent years studying this problem, for bringing it to our attention. I think there is a problem confronting this country when we talk about a tax reduction. As I mentioned earlier, we should combine a reduction in Federal expenditures with any tax reduction.

I am sure the Senator from Delaware is familiar with the fact that the U.S. Government is expected to have a deficit on June 30 of this year. I do not visualize anything other than a deficit on June 30, 1963, regardless of what we attempt to do for the future.

I am sure, based upon what the Senator knows and what has been brought out in the hearings, that the Senator will agree with me.

Mr. WILLIAMS of Delaware. I agree with the Senator. As the Senator knows, we discussed this problem in the committee the other day. Even without a tax reduction, we shall have a sizable deficit next year I recognize that there are many long overdue revisions which could be made in the existing tax laws—corrections which would be helpful to individuals and to industry and which could be made without unnecessary loss in revenue. Certainly there are many inequities in our tax code which should be promptly corrected, but such corrections should not be presented to the American people as a tax cut.

On the eve of an election the promise of a tax reduction of from $7 billion to $9 billion should not be held out to the American people when we know in our hearts that they cannot get it until we can cut down Government spending.

Mr. JAVITS. Mr. President, I call up the amendment which is at the desk, offered on behalf of myself and Senators BUSH, CASE of New Jersey, CLARK, DOUGLAS, KEATING, KUCHEL, MORSE, SALTONSTALL, SCOTT, HUMPHREY, and ENGLE, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. At the proper place in the bill it is proposed to insert the following:

Section 634 of the Foreign Assistance Act of 1961 as amended, is amended by inserting the following at the end of the first paragraph thereof: "; and on progress under the freedom of communication and nondiscrimination declaration contained in section 102."

Mr. JAVITS. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from New York is recognized for 5 minutes.

Mr. JAVITS. Mr. President, the problem which has been before us since 1956, which my amendment is one of the steps toward meeting, is the problem of an interdiction of the freedom of communications and travel, and a problem of discrimination against Americans because of their faith.

This situation arises as a consequence of the activities of the Arab States and of the Arab League in maintaining what is called, euphemistically, a state of war with Israel on the part of the Arab States; with resultant restrictions upon Americans of the Jewish faith who land at an airport, for example, such as the one in Saudi Arabia, and with extensive blacklisting and boycotting activities carried on against any American company which might do business with or have an office in Israel, which has any element of Jewish ownership or Jewish management, even if it is American.

Mr. President, the problem extends into the absolutely illegal boycott under international law which continues to be maintained by the United Arab Republic on transit through the Suez Canal. For example, foreign nations receiving American commodities under the very law with which we are concerned, the Foreign Assistance law, are required to employ a minimum of 50 percent of American flag ships for the delivery of these products. All nations, including those associated with the Arab League, comply. But not only will the United Arab Republic bar from transit through the Suez Canal any such ships which intend to stop at any ports of Israel, but also the Arab States refuse passage through the canal of the 50 percent of American bottoms, including what they define as Jewish-owned carriers. So in effect they are discriminating against American shipping firms in which there is a material amount of Jewish ownership.

Also our motion picture stars and motion picture companies are special objects of boycott in the Arab States and by the Arab League. On many occasions my colleague from New York [Mr. KEATING] and other Senators have developed before the Senate definitive letters in which the Arab League is brazen enough to threaten American firms by mail that, if they do not desist from doing business in Israel or from some other practice that the Arab League puts in that category, or because they have some major Jewish ownership or Jewish management, they will be blacklisted by the Arab States. In many cases they have attempted to carry out—whether it is effective or ineffective—a boycott.

Mr. President, that practice is intolerable to us. In the younger days of our Republic we actually fought in order to prevent any foreign nation from treating American citizens and American companies in that fashion. Nonetheless, for some reason, we in the Congress seem to be knocking our heads against a stone wall in this instance as far as our own Government is concerned.

In 1956 the Mutual Security Appropriations Act contained the resolution offered by my distinguished predecessor in the Senate, Senator Lehman of New York, which cried out against the practice.

In 1959 and in 1960 a resolution to the same effect was included in the Mutual Security Appropriation Act by the Senator from Oregon [Mr. MORSE] and myself.

In 1960, in the very authorization which we are considering today, my colleague, from New York [Mr. KEATING], and the Senator from Illinois [Mr. DOUGLAS] joined in a very effective declaration of policy.

Then in the Foreign Aid Assistance Appropriation Act of 1961 we had similar language.

Finally in the Foreign Aid Authorization Act of 1961, the act to which we are making amendments by the bill, we had what those of us who feel strongly about

the subject consider a watered-down declaration of policy; but nonetheless, at least something was said on the subject. The declaration is contained in the fifth paragraph of section 102 of the Foreign Assistance Act of 1961, and reads as follows:

In addition, the Congress declares that it is the policy of the United States to support the principles of increased economic cooperation and trade among countries, freedom of the press, information, and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. Mr. President, I yield myself an additional 5 minutes.

That is the situation as we find it. Nonetheless, as yet we have no real result. As recently as May 29, according to Radio Cairo itself, the Arab League boycott offices were warning airplane and shipping companies against serving Israel, and were placing severe restrictions on American merchant marine activity. For breaking "rules" made in pursuance of a boycott completely illegal under international law, penalties which would include depriving ships of the opportunity to load or discharge cargo or to take on water or other provisions were threatened. To this very moment, cargoes destined for Israel, in foreign bottoms and even in American bottoms, are still not permitted through the Suez Canal and are liable to confiscation.

A great many Senators feel very keenly on this subject. All who have joined in the amendment were happy to put their names on an amendment of a very strong character which would have firmed up very materially the declaration of policy now contained in section 102. The amendment which I submitted for the RECORD was actually put in the foreign assistance bill, the very bill before the Senate, by the Committee on Foreign Affairs of the House of Representatives. I ask that that amendment be printed in the RECORD at this point in my remarks.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

The Congress further declares that any attempt by foreign nations to make distinctions between American citizens because of race, color, or religion in the granting of personal or commercial access or in the exercise of any other rights available to American citizens, or the use by any foreign nation of assistance made available by the United States to carry out any program or activity of such nation in the course of which discrimination is practiced against any citizen of the United States by reason of his race, color, or religion is repugnant to our principles; and in all negotiations with any foreign nation with respect to any funds appropriated under authority of this Act, these principles shall be applied. The Secretary of State shall report annually on the measures taken to apply the principles stated above.

Mr. JAVITS. That was the amendment as originally submitted. There seems to be a strong fecling on the part of a proponent of the Foreign Relations Committee that these declarations of policy which we have made time and again should nonetheless be held to a minimum and that we should leave much more than they would do to the discretion, wisdom, and good intentions of the President and the State Department. While we disagree with that idea, nonetheless we have respect for the views of our colleagues on the Committee on Foreign Relations. We would really like to see some progress made. Therefore we have come to the conclusion that a minimal, rather than a maximum, amendment would be in order. So the minimal amendment is the one which we have joined in submitting. The amendment would add to the declaration of policy now contained in section 102, the requirement of an annual report. So by the addition of a clause, which is the subject of the amendment now before the Senate, to that section of the Foreign Assistance Act which we are amending, which deals with reports, that is, section 634(a), we would require at least a report of progress. We will at least have an official way to see what is actually being done about the problem.

I cannot help but cmphasize what a sad situation we are in with, for example, President Nasser, whose aid we have proposed to increase very materially. He has the brazenness to insist that he will not accept our aid unless we keep Israel out of association with the Europcan Common Market, a Common Market which, incidentally, will mean lifc or death for Israel in terms of its own exports and imports. He gives no evidence whatcver of recognizing what many thought was a military commitment as far as Israel, the United Kingdom and France were concerned, after the abortive attempt in 1956, that there would be free transit through the Suez Canal as a condition for the Israel forces moving out of the Sinai Peninsula. Nothing has happened. In short, it seems to me that we have to get our backs up somewhere. In the present situation we have not really taken the determined stand that we should. Certainly it is not very encouraging that an increase, rather than a denial, of aid is being considered as far as the United Arab Republic is concerned.

So taking account of the realities—and we do face hard realities, as everyone knows—we feel that acting together, at least we would add something to the situation in requiring an official annual report.

In addition, the provisions of the amendment would result in showing some evidence of the Senate's view upon the subject. It would reveal our dissatisfaction with the existing situation. The Senate's views would also be before the conferees if the other body adopts the stronger provision which is before them through the report of their Committee on Foreign Affairs, and the issue goes to conference.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. Mr. President, I yield myself 2 additional minutes.

I hope very much the amendment will be accepted by the Senator in charge of the bill. If the other body acts in a strong way on the amendment which has already been adopted by the House Committee on Foreign Affairs, we can go to conference on the question.

Mr. President, I yield 5 minutes to my colleague from New York.

Mr. KEATING. I regret that in order to get action in the Senate, it was apparently necessary to water down the amendment. I sincerely hope that the language of the amendment will be adopted in the other body and that it will prevail in conference. The adoption of the amendment, as outlined by my distinguished colleague from New York, would certainly be useful. It would not end the discrimination which now exists, but it certainly would be useful. Reports from our Government on how it is living up to and supporting the language now in the preamble would at least be an important step in the direction of assuring freedom of travel and freedom of commercial opportunities for American citizens. It would make our Government more alert to its responsibilities and would, I hope, result in a more vigorous and affirmative effort to stop this kind of discrimination overseas.

Mr. President, it is shocking that American citizens who travel in parts of the world and in countries which receive assistance from the United States are subjected to discriminatory treatment and other restrictions. There are a number of governments, particularly Arab nations in the Middle East, which discriminate against Americans of the Jewish faith who seek to enter their countries or to do business therein. Arbitrary restrictions, wholly inconsistent with the basic principles which Americans believe in are placed on American travelers, businessmen, and virtually any other people whom for some reason or another Arab leaders desire to injure or insult.

Mr. President, certainly American taxpayers, who are taxed regardless of race, religion, color, or any such distinction should have equal treatment in countries which receive American foreign aid. Our aid is taken from all taxpayers. No country that enjoys this aid should be permitted to discriminate against some of these American taxpayers for any reason whatsoever.

Mr. President, I have spoken in the past about the Middle Eastern situation, about the Arab economic warfare against Israel, and about the tide of Arab hatred toward Israel which flows in the Middle East and in Africa. This is a very serious and very critical situation. Today we are not directly concerned with the problem of Arab-Israel relations but it is a peripheral problem as related to what we are considering today.

We are concerned with the rights of every American citizen to fair treatment on a basis of equality with other American citizens throughout the world. We have stood up for this principle in the past when our country was weaker and not as well able to protect itself as we arc today. Now that we are strong and a great power on the world scene, the Government is tending to desert the basic principles which have helped to

make us strong and to resort to arguments which it might be difficult or embarrassing to stand up to on principle.

Mr. President, our attitude in this matter is not worthy of a great nation. It is a despicable yielding to policies which we deplore. To support nations which practice this religious discrimination by continuing foreign aid funds without making a serious and determined effort to put an end to restrictions on some American citizens is unworthy of our Nation. As the leader of the free world, the United States should mean what it says and should not permit its citizens to be the victim of religious discrimination in countries which receive American dollars through the foreign aid program.

Mr. President, the adoption of this amendment will certainly not end the discrimination that now exists but it will be useful. Reports from our Government as to how it is living up to supporting the language now in the preamble will at least be an important step in the direction of freedom of travel and freedom of commercial opportunities for American citizens. It will make our Government more alert to its responsibilities and will also, I hope, result in more vigorous and affirmative efforts to stop this kind of discrimination overseas.

Mr. SPARKMAN. Mr. President, I have discussed the amendment with the Senator from New York [Mr. JAVITS]. In the act we passed last year we arrived at what I believe was generally considered to be a very good statement of policy. I believe there was a misunderstanding to the effect that this year's bill would repeal or at least not reenact the policy established last year. The bill this year is merely an amendment of last year's act, and therefore the statement of policy remains in effect.

I had hoped that we might not reopen the statement of policy and get into the kind of argument that we have had for some time.

I believe that the proposal of the Senator from New York, upon which he has spoken, as has also his colleague from New York [Mr. KEATING], has merit to it. I understand that the House of Representatives has language in its bill which is quite acceptable, and that the language the Senator from New York proposes appears in a somewhat different place from the place where the language in the House bill appears. Therefore, if the House accepts the proposal of the House committee as set out in that bill, and the Senate accepts the Javits proposal, we certainly will have sufficient latitude in which to reach a satisfactory statement.

Therefore, I have suggested to the Senator from New York that, so far as I am concerned I am willing to accept the amendment and take it to conference.

Mr. JAVITS. I thank the Senator from Alabama. I am very grateful to him. I believe this is as effective a way as we could devise under all the circumstances. I thank him for his customary courtesy and understanding.

I ask unanimous consent that Senators who may desire to do so, may introduce statements in the RECORD in the debate on this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOUGLAS subsequently said:

Mr. President, I am happy to be a cosponsor of the amendment in question. It is needed to serve notice upon some of the Arab countries that we do not approve of their policies of racial discrimination against American citizens of Jewish descent who either travel or do business in the Near East. It is improper for them to take American aid with one hand while discriminating against American citizens with the other.

Mr. JAVITS. Mr. President, I yield back the remainder of my time.

Mr. SPARKMAN. I yield back the remainder of my time.

The PRESIDING OFFICER. All time for debate on the amendment has been yielded back. The question is on agreeing to the amendment offered by the Senator from New York [Mr. JAVITS].

The amendment was agreed to.

Mr. JAVITS. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. KEATING. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CHURCH. Mr. President, I send to the desk an amendment identified as 6–5–62–E and ask that it be read.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. At the proper place it is proposed to insert the following:

Section 506 of chapter 2, part II, of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended by adding a new subsection (c) as follows:

"(c) The President shall regularly reduce, and, with such deliberate speed as orderly procedure and other relevant considerations, including prior commitments, will permit, shall terminate, all further grants of military equipment and supplies to any country having sufficient wealth to enable it, in the judgment of the President, to maintain and equip its own military forces at adequate strength, without undue burden to its economy."

Mr. CHURCH. Mr. President, yesterday I placed in the CONGRESSIONAL RECORD a summary of the arguments and also some statistical data in support of this amendment. There is no need at this time to restate these arguments. Suffice it to say that the purpose of the amendment is to require an orderly reduction, and ultimate termination, of further grants by the United States of military equipment and supplies to countries which, in the judgment of the President, are able to maintain and equip their own military forces at adequate levels of strength without need for external help.

The purpose of my amendment is clear to the distinguished Senator in charge of the bill. I believe the case made for it is very plain.

Our military assistance program has been intended from the outset to give help to countries having insufficient means to enable them to maintain their armed forces at adequate levels to meet the Communist menace. For a number of years, owing to the remarkable recovery that has occurred in Western Europe, a number of our allies have become fully self-supporting and are in no need of a continuing American subsidy to support or equip their own armed forces.

The amendment would establish a policy to be followed by the President with such deliberate speed as orderly procedure and other considerations, including prior commitments, would permit, looking toward the regular reduction and ultimate termination of furter grants of military equipment and supplies to countries which are fully capable of maintaining their own armed forces without any more American aid.

I think it is clearly in the enlightened self-interest of the United States that the amendment be adopted; and I hope the distinguished Senator from Alabama will see fit to accept it.

Mr. THURMOND. Mr. President, I should like to ask the distinguished Senator from Idaho a question.

Mr. CHURCH. I yield to the Senator from South Carolina for a question.

Mr. THURMOND. Would the amendment preclude the United States from giving to a nation such as West Germany or France the weapons which it can afford, from an economic standpoint, but which for reasons of technology it cannot itself produce?

Mr. CHURCH. The language of the amendment is meant to give the President sufficient latitude to continue grants under special circumstances which, in his judgment, would justify the grants. I should think that the language "other relevant considerations, including prior commitments," would be broad enough to give the President the necessary discretion in situations of the kind mentioned by the Senator from South Carolina.

Mr. THURMOND. The Senator from South Carolina would like to see foreign aid reduced where possible, but he does not wish to have the President hampered in his discretion to provide weapons to our allies who may be able to produce them from an economic standpoint but who are unable, for reasons of technology, to produce them. I merely wish to be certain that the amendment does not preclude the President from providing such weapons to such countries.

Mr. CHURCH. As I have suggested to the Senator, I believe sufficient latitude is provided to permit the President to exercise discretion, but that a general policy is established directing the President to reduce, and ultimately to terminate, subject to such exceptions as are permitted by this language, further subsidies to countries which have become fully self-supporting and each maintain their armed forces without more U.S. aid.

Mr. THURMOND. To be more specific, the amendment would not preclude the President from giving nuclear weapons to West Germany or France.

Mr. CHURCH. That is a matter of policy which is not reached by the amendment, in that Congress has enacted specific laws governing that subject, as the Senator from South Carolina well knows.

Mr. THURMOND. Then, the amendment would not preclude the giving of such weapons to those countries, unless to do so is otherwise precluded by law? Is that correct?

Mr. CHURCH. I think that is correct.

Mr. THURMOND. I merely wished to make the record clear. I thank the distinguished Senator from Idaho.

Mr. SPARKMAN. Mr. President, I am glad the Senator from South Carolina has asked these questions, because I believe they serve to clear the record.

I have discussed the amendment at considerable length with the Senator from Idaho. The Senator proposed it in a different form to the Committee on Foreign Relations. As I understand, the amendment would give the President considerable leeway. It would leave the question to his judgment, so far as he believes such action can be taken safely. It would be our policy to reduce our military outlays to countries which are able to pay for their armaments themselves.

Actually, most of the military assistance which is given to Western European countries is assistance of a peculiar type. It would not be affected by the amendment, because much of the assistance is related to the maintenance of missile bases. Such assistance was established by agreement at the time we were given permission to establish missile bases in those particular countries. A certain amount is necessary for maintenance and parts, which must be supplied by the United States. That is done under our agreements and commitments, which would not be affected by the amendment.

Mr. CHURCH. The Senator from Alabama is correct, in that the amendment makes its direction subject to prior commitments which have been made. The amendment is not intended to interfere with prior commitments, but deals with future ones.

Mr. SPARKMAN. The Senator is correct. I believe the amendment provides the President with sufficient elbowroom in which to maintain a good military alliance with our allies. This would apply particularly to countries which are members of NATO, and primarily to Western European countries.

Mr. President, on behalf of the committee I am willing to take the amendment to conference.

Mr. CHURCH. I appreciate the action of the Senator from Alabama.

Mr. SPARKMAN. Mr. President, I yield back the remainder of my time.

Mr. CHURCH. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back. Without objection, the amendment is agreed to.

The bill is open to further amendment.

Mr. SPARKMAN. Mr. President, for myself and on behalf of the distinguished junior Senator from Florida [Mr. SMATHERS], I offer an amendment and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 3, between lines 4 and 5, it is proposed to insert the following:

(2) In paragraph (2) strike out the words preceding the first proviso and insert in lieu thereof the following: "where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of any loan investment for housing projects with appropriate participation by the private investor in the loan risk and in accordance with the foreign and financial policies of the United States, or assuring against loss of not to exceed 75 per centum of any other investment due to such risks as the President may determine, upon such terms and conditions as the President may determine."

On page 3, line 5, strike out "(2) In" and insert in lieu thereof "(3) In".

Mr. SPARKMAN. Mr. President, I yield myself 5 minutes.

I have spoken to the distinguished Senator from Kansas [Mr. CARLSON] about the amendment. He was in the Chamber a little while ago. It may be that he will return, when he can see the amendment in its final form. The Senator from Kansas is a member of the Committee on Foreign Relations. I make this statement so that it may be known that the amendment is not being taken up as a matter of surprise.

The substance of the amendment, in one form or another, was considered in committee from time to time, but the committee was never able to arrive at a completely satisfactory proposal.

It was not until today that I received a letter from the Agency for International Development approving of this particular language. The Senator from Florida [Mr. SMATHERS] had a proposal which was not identical with this. I had made a different proposal, and had carried on extensive correspondence with the Agency for International Development in order to try to reach a satisfactory amendment. As I said, it was not until today that we received the final clearance from the administration.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter dated June 6, 1962, from Mr. Frank M. Coffin, Deputy Administrator for the AID program.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT,
Washington, D.C., June 6, 1962.

The Honorable JOHN J. SPARKMAN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR SPARKMAN: I regret that I have been unable to send to you a letter at an earlier date. This letter will serve as an interim reply pending a subsequent letter containing administration comments on the proposed housing guaranty amendment.

The administration's suggestion as a revision to the amendment approved by the Foreign Affairs Committee of the House of Representatives would encompass the deletion of the phrase "in whole or in part" and substitute after the word "projects" the phrases "with appropriate participation by the private investor in the loan risk and in accordance with the foreign and financial policies of the United States."

Sincerely yours,

FRANK M. COFFIN,
Deputy Administrator for Program.

SUGGESTED AMENDMENT TO SECTION 221(b)(2) OF THE FOREIGN ASSISTANCE ACT OF 1961

Section 221(b)(2). * * * "where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of any loan investment for housing projects with appropriate participation by the private investor in the loan risk and in accordance with the foreign and financial policies of the United States or assuring against loss of not to exceed 75 per centum of any other investment, due to such risks as the President may determine, upon such terms and conditions as the President may determine: *Provided*" * * * etc.

Mr. SPARKMAN. Mr. President the purpose of the amendment is to authorize the President to issue an all-risk guarantee to U.S. citizens or corporations for investments to be made in housing projects in less developed friendly countries of which the President has agreed to institute the guarantee program.

Under existing law, as provided by the Act for International Development of 1961, the U.S. Government all-risk guarantee for such projects could not exceed 75 percent of the investment. Despite considerable interest in the provision by U.S. builders, no guarantees resulted, primarily because U.S. investors were not willing to invest funds in housing projects in the underdeveloped countries with only a 75-percent guarantee on return of the investment. Institutional investors in domestic housing insist on 100 percent guarantee, and they are not likely to invest capital on a long-term basis in a foreign housing project unless the risk of capital loss is at a very minimum.

Under the amendment, the U.S. Government could guarantee the private investor against loss, provided there is an appropriate participation in the loan risk by the investor.

That is the key language of the proposal. It is the language which the Treasury Department insisted upon having included.

Instead of the figure now provided, I believe the Senator from Florida proposed that it be 95 percent.

Mr. SMATHERS. That is correct.

Mr. SPARKMAN. The Treasury Department did not recommend a specific percentage, but it agreed on the provision that the investor must have an appropriate participation in the loan risk. It is understood that this amendment would not preclude the investor from obtaining additional security for the part of the investment not guaranteed by the U.S. Government.

Mr. President, I wish to say just a word in regard to housing generally. The amendment proposed by the Senator from Florida pertained primarily to Latin America; I believe it was limited to Latin America. But the pending amendment is applicable to the program as a whole.

I think one of the most promising parts of the aid program is that with reference to the various facets of hous-

ing in these underdeveloped countries, particularly those in Latin America which need good housing. But there has been difficulty in their obtaining it, for several reasons. One is the high rate of interest. Another is the lack of anything like the mortgage market which exists in the United States; these countries simply are not geared to that type of activity.

One of the finest things the aid program has been able to do has been in connection with putting seed money into certain programs and projects to encourage investors in those countries to participate in the construction of houses. Considerable work has been done in organizing savings and loan associations there.

One of the constituents of the distinguished Senator from Florida was one of the first to become active in that field in those areas; and I beleive that a man from that particular institution has been very active in the savings and loan field. I talked to him when I was in Chile, and he told me about the organization. It was organized on a national basis, and I believe that approximately 15 savings and loan associations had already been organized and were already making housing loans.

I asked him what the rate of interest was, and he stated that it was 7 percent. Of course, in the United States 7 percent would be a rather high rate of interest; but in those countries a 7-percent rate of interest for that purpose is so low that it is almost without precedent, inasmuch as they are used to having such loans made at interest rates of 20 percent, 25 percent, or even 30 percent.

I saw housing projects and housing programs being carried on in Peru and in other parts of South America.

Our Foreign Relations Committee has received some very fine reports about the conduct of such projects in South America—some of them using government loans, some of them taking advantage of this seed money process, some of them conducted by savings and loan associations, and some carried on by private industry.

A company in Kansas has done a very fine job in building homes in South America; and a group organized by the Rockefellers is doing some very fine housing work there.

One of the greatest stimuli which can be given to the economy and to raising the standard of living of the people of such a country is by means of an arrangement whereby they can obtain adequate housing. I believe this program may help provide it; and I am glad to offer the amendment on behalf of the Senator from Florida [Mr. SMATHERS] and myself.

Mr. SMATHERS. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I am very glad to yield to the Senator from Florida, who has been, let me say, a pioneer in this work. I believe that the first amendmend offered to the foreign aid bill was offered by him, and related to housing programs in Latin America.

Mr. SMATHERS. I thank the able Senator from Alabama very much for the generous manner in which he has treated me in the course of his remarks in regard to the housing programs in Latin America.

As he has indicated, I am very much in favor of a program of this kind; and I am highly honored to be a cosponsor, with him, of this amendment.

I have long believed, as have many others, that the best way in which we can fight against communism or against any other kind of "ism" in these underdeveloped countries is by making it possible for the people of these countries to obtain homes of their own. Nothing helps build self-pride quite so much as the fact that a person owns property and has his own house. In fact, I believe that in connection with our interest in seeing worthwhile programs of aid developed in the underdeveloped areas of the world, there is no better way for us to bring about progress and conditions of improvement and stability than by helping the people of these countries obtain homes.

The Senator from Alabama has been a great leader in connection with housing programs; and he knows more than anyone else does, I believe, the importance of housing to the stability of our own country.

It developed that because of the high interest rates and because of the natural hazards in these underdeveloped countries, it was impossible to get much private money used in connection with housing programs there until in some way the guarantee was increased. I know of a number of labor unions which are perfectly willing and, in fact, are anxious to invest their funds in such housing programs, if they are guaranteed against the losses which do occur in these areas. However, if there were a guarantee against such losses, they would make those investments.

So I believe this amendment will do much to encourage many groups, including the mutual-aid associations, and so forth, to invest their funds in housing programs in these areas, and I be lieve it will do a great deal of good.

I remember that Teodoro Moscoso, who heads the Alliance for Progress, said only the other day that there was not enough money in the U.S. Treasury or, in fact, in the treasuries of all the free nations of the world to build all the houses that even the people of the countries in Latin America want.

The point is that there is a definite need for a guaranty program such as the one envisioned by the Senator from Alabama, in order to encourage private capital to develop in these areas the necessary housing programs, because the governments of these countries simply cannot do that work all by themselves.

I think this amendment provides the best means of accomplishing that result; and I believe it will bring about great good.

So I congratulate the distinguished Senator from Alabama [Mr. SPARKMAN] for his leadership in this field; and I am delighted that he is willing to permit me to be a cosponsor, with him, of the amendment.

Mr. SPARKMAN. Mr. President, I do not know of any other Senator who wishes to speak on the subject.

The PRESIDING OFFICER (Mr. PELL in the chair). Do Senators yield back their time?

Mr. SPARKMAN. Perhaps the Senator from New York has something to say.

Mr. KEATING. Mr. President, it is my desire to call up my amendment at some time.

Mr. SPARKMAN. I wonder whether we may dispose of the pending amendment.

I yield back the remainder of my time.

The PRESIDING OFFICER. All remaining time has been yielded back.

The question is on agreeing to the amendment of the Senator from Alabama [Mr. SPARKMAN], for himself and the Senator from Florida [Mr. SMATHERS].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

ADJOURNMENT

Mr. SMATHERS. Mr. President, on behalf of the majority leader, I move that the Senate adjourn.

The motion was agreed to; and (at 6 o'clock and 10 minutes p.m.), the Senate adjourned until tomorrow, Thursday, June 7, 1962, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 6, 1962:

COLLECTOR OF CUSTOMS

Edward J. Gosier, of New York, to be collector of customs for customs collection district No. 7, with headquarters at Ogdensburg, N.Y.

John W. Crimmins, of Kentucky, to be collector of customs for customs collection district No. 42, with headquarters at Louisville, Ky.

Mrs. Marion R. Baker, of Georgia, to be collector of customs for customs collection district No. 17, with headquarters at Savannah, Ga.

Paul E. McNamara, of New York, to be collector of customs for customs collection district No. 8, with headquarters at Rochester, N.Y.

Calendar No. 1495

87TH CONGRESS
2D SESSION

S. 2996

IN THE SENATE OF THE UNITED STATES

JUNE 6, 1962

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. COTTON to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz: On page 11, strike out the quotation marks at the end of line 24, and after line 24 insert the following:

"(g) Notwithstanding any other provision of law, no assistance shall be furnished under this Act to any country which exports, or knowingly permits the exportation, to the Union of Soviet Socialist Republics or any country (including Communist China, North Korea, and Cuba) the government of which is dominated or controlled by the Union of Soviet Socialist Republics, of any arms, armaments, or munitions, or of any items of strategic significance in the production of implements of war or any other articles or com-

1 modities found by the National Security Council to be con-
2 trary to the security interests of the United States."

Calendar No. 1495

87TH CONGRESS
2D SESSION

S. 2996

AMENDMENT

Intended to be proposed by Mr. COTTON to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JUNE 6, 1962

Ordered to lie on the table and to be printed

Calendar No. 1495

87TH CONGRESS
2D SESSION

S. 2996

IN THE SENATE OF THE UNITED STATES

JUNE 6, 1962

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. CAPEHART to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

On page 2, between lines 9 and 10, insert a new subsection as follows:

"(a) At the end of section 201(b), which relates to the development loans, add the following sentence: 'Not less than 50 per centum of the total principal amount of all loans made under authority of this title shall be made to borrowers engaged in private enterprise.'"

Redesignate subsections (a) to (c), inclusive, as (b) to (d), respectively.

6-6-62——C

Calendar No. 1495

87TH CONGRESS
2D SESSION

S. 2996

AMENDMENTS

Intended to be proposed by Mr. CAPEHART to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JUNE 6, 1962

Ordered to lie on the table and to be printed

Calendar No. 1495

87TH CONGRESS
2D SESSION

S. 2996

IN THE SENATE OF THE UNITED STATES

JUNE 6, 1962

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. HICKENLOOPER (for himself and Mr. LAUSCHE) to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

On page 10, line 19, strike out the word "hereafter" and insert in lieu thereof the words "after January 1, 1961".

6-6-62——H

Calendar No. 1495

87TH CONGRESS
2D SESSION

S. 2996

AMENDMENT

Intended to be proposed by Mr. HICKENLOOPER (for himself and Mr. LAUSCHE) to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JUNE 6, 1962

Ordered to lie on the table and to be printed

Calendar No. 1495

87TH CONGRESS
2D SESSION

S. 2996

IN THE SENATE OF THE UNITED STATES

JUNE 6, 1962

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. CAPEHART to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

On page 8, between lines 20 and 21, insert a new subsection as follows:

"(a) In section 604, which relates to procurement, add the following new subsection:

"'(e) Funds made available under this Act which are used for the procurement outside the United States of capital equipment or property, or of engineering services, for any project, shall be used for such procurement only within the country in which the project is located.'"

Redesignate subsections (a) to (c), inclusive, as (b) to (d), respectively.

Calendar No. 1495

87TH CONGRESS
2D SESSION

S. 2996

AMENDMENTS

Intended to be proposed by Mr. CAPEHART to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JUNE 6, 1962

Ordered to lie on the table and to be printed

Calendar No. 1495

87TH CONGRESS
2D SESSION

S. 2996

IN THE SENATE OF THE UNITED STATES

JUNE 6, 1962
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. COOPER to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

On page 2, before the quotation marks at the end of line 4, insert the following: "It is further the sense of Congress that, where feasible, the United States Government invite friendly nations to join in missions to consult with countries which are recipients of assistance under this part on the possibilities for joint action to assure the effective development of plans for the economic development of such recipient countries and the effective use of assistance provided them; and that the President may request the assistance of the International Bank for Reconstruction and Development in bringing about the establishment of such missions."

6-6-62——F

Calendar No. 1495

87TH CONGRESS
2D SESSION

S. 2996

AMENDMENT

Intended to be proposed by Mr. COOPER to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JUNE 6, 1962

Ordered to lie on the table and to be printed

Calendar No. 1495

87TH CONGRESS
2D SESSION

S. 2996

IN THE SENATE OF THE UNITED STATES

JUNE 6, 1962
Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. COOPER to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

On page 2, before the quotation marks at the end of line 4, insert the following: "It is further the sense of Congress that it is desirable that the programs of assistance under this part to each country receiving such assistance, as well as such country's own programs of economic development, should be reviewed by Advisory Committees appointed by the President to advise the President and the Congress whether such programs will be effective in achieving the purposes of this Act and in bringing about the economic development of such countries."

6-6-62——E

Calendar No. 1495

87TH CONGRESS
2D SESSION

S. 2996

AMENDMENT

Intended to be proposed by Mr. COOPER to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JUNE 6, 1962

Ordered to lie on the table and to be printed

Calendar No. 1495

87TH CONGRESS
2D SESSION

S. 2996

IN THE SENATE OF THE UNITED STATES

JUNE 6, 1962

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. CAPEHART to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, viz:

On page 9, between lines 17 and 18, insert the following:

"(a) In section 620, which relates to prohibition against furnishing assistance, add the following new subsection:

"'(e) No assistance shall be furnished under this Act to the government of any country in which property in such country owned in whole or substantial part by any one or more United States citizens, by any one or more corporations, partnerships, or other associations substantially beneficially owned by United States citizens, or by any one or more foreign subsidiaries of such corporations, has been nationalized

or expropriated by action of a governmental agency or political subdivision of such country unless within one hundred and eighty days after such nationalization or expropriation, or within ninety days after the date of enactment of the Foreign Assistance Act of 1962, whichever is later, that government or political subdivision thereof has discharged its obligation under international law to provide prompt, adequate, and effective compensation to the owners thereof. No such payment shall be deemed adequate for the purposes of this subsection unless it is at least equal to the amount a willing buyer would pay to a willing seller for the property nationalized or expropriated, and no such payment shall be deemed effective unless it is paid in dollars or in currency readily convertible into dollars. No other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.' "

Redesignate subsections (a) to (f), inclusive, as (b) to (g), respectively.

Calendar No. 1495

87TH CONGRESS
2D SESSION

S. 2996

AMENDMENTS

Intended to be proposed by Mr. CAPEHART to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

JUNE 6, 1962

Ordered to lie on the table and to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For information only; should not be quoted or cited)

Issued June 8, 1962
For actions of June 7, 1962
87th-2nd, No. 92

CONTENT

Adjournment.....23
Appropriations.....15
Assistant Secretary.....8
Atomic energy.....14
Civil defense.....22
Conservation.....6
Contracts.....19
Cooperatives.....2
Dairy products.....2
Electrification.....10
Expenditures.....7
Export control.....3
Farm labor.....27
Farm loans.....28
Farm program.....16
Flood insurance.....31
Food and fiber.....29
Food distribution.....9
Food shipment.....1
Foreign aid.....1,18
Foreign trade....3,5,17,24
Forestry.....2
Hay.....2
Health.....21
Honeybees.....2
Land.....2
Legislative program.....15
Marketing.....30
Milk.....30
Personnel.....7,19
Poultry inspection.....2
Public debt.....20
Reclamation.....4,25
Research.....11
Roads.....12
Soil bank.....2
Soil stewardship.....13
Surplus commodities.....4
Textiles.....17,26

HIGHLIGHTS: House Rules Committee cleared farm bill. Senate passed foreign aid bill with amendment on Public Law 480 shipments. House committee reported foreign aid bill. Conferees agreed to file report on bill for agricultural import restrictions on nonparticipating countries in multilateral trade agreements. Senate committee reported bills to permit harvesting of hay on certain Soil Bank lands, increase authorization for forest survey, etc. Sen. Proxmire criticized a reclamation project in view of farm surplus. Rep. Findley criticized farm bill. Sen. Humphrey introduced bill to increase limitation on certain FHA insured loans. Sen. Humphrey introduced bill to establish commission to study food and fiber requirements.

SENATE

1. FOREIGN AID. Passed, 61-23, with amendments S. 2996, the foreign aid authorization bill. pp. 9179-221

Agreed to the following amendments:

By Sens. Mansfield and Dirksen, modified, by a 56-34 vote, providing that the bar against aid to Communist-dominated countries shall not be deemed to prohibit shipment of foods thereto under Public Law 480 if (1) recipient country is not participating directly or indirectly in any program for Communist world conquest, (2) recipient country is not controlled by any country promoting Communist world conquest, (3) furnishing such aid is in the interest of U. S. national security, and (4) the President notifies Congress of intention to furnish such assistance. pp. 9180-96

By Sen. Hickenlooper, to bar aid to any country which has expropriated American

18. FOREIGN AID. The Foreign Affairs Committee reported without amendment H. R. 11921, the proposed Foreign Assistance Act of 1962 (H. Rept. 1788). p. 9258

19. PERSONNEL. The Post Office and Civil Service Committee reported with amendment H. R. 11523, to authorize the employment without compensation from the Government of readers for blind Government employees (H. Rept. 1787). p. 9258

The Rules Committee reported a resolution for the consideration of H. R. 11677, to prohibit discrimination on account of sex in the payment of wages by certain employers engaged in commerce or in the production of goods for commerce and to provide for the restitution of wages lost by employees by reason of such discrimination. pp. 9231, 9258

20. PUBLIC DEBT. The Ways and Means Committee reported without amendment H. R. 11990, to provide for a temporary increase in the public debt limit set forth in section 21 of the Second Liberty Bond Act (H. Rept. 1789). p. 9258

21. HEALTH. The Interstate and Foreign Commerce Committee voted to report (but did not actually report) with amendments H. R. 10541, to assist States and communities to carry out intensive vaccination programs. p. D446

22. CIVIL DEFENSE. Received from GAO a report on the review of policies and procedures established by the Office of Civil and Defense Mobilization, succeeded by the Office of Emergency Planning, for the use of excess stockpiled materials by Federal agencies. p. 9258

23. ADJOURNED until Mon., June 11. p. 9258

ITEMS IN APPENDIX

24. FOREIGN TRADE. Extension of remarks of Rep. Gross inserting an article, "Small Businessmen Oppose Free Trade." p. A4187

25. RECLAMATION. Extension of remarks of Sen. Young, N. D., inserting a resolution urging early approval of the Garrison diversion unit, N. D. p. A4203

26. TEXTILES. Extension of remarks of Rep. Taylor discussing the problems of the domestic textile industry, saying, "We must face the fact that the textile import problem is still with us and further action is needed." pp. A4218-9

BILLS INTRODUCED

27. FARM LABOR. S. 3382, by Sen. Williams, N. J. (for himself and others), to amend the Public Health Service Act so as to establish a program to assist in the construction of adequate sanitation facilities for migratory farm labor; to Labor and Public Welfare Committee. Remarks of Sen. Williams. pp. 9162-3

28. FARM LOANS. S. 3387, by Sen. Humphrey (for himself and Sen. McCarthy), to amend the Consolidated Farmers Home Administration Act of 1961 in order to increase the limitation on the amount of loans which may be insured under subtitle A of such Act; to Banking and Currency Committee.

29. FOOD AND FIBER. S. J. Res. 197, by Sen. Humphrey, to authorize and request the President to appoint a bipartisan Commission to make a study of the total food and fiber requirements of the United States; to Agriculture and Forestry Committee. Remarks of author. p. 9165

87th Congress, 2d Session - - - - - House Report No. 1788

FOREIGN ASSISTANCE ACT OF 1962

REPORT

OF THE

COMMITTEE ON FOREIGN AFFAIRS

ON

H.R. 11921

TO AMEND FURTHER THE FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED, AND FOR OTHER PURPOSES



JUNE 7, 1962.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

---

U.S. GOVERNMENT PRINTING OFFICE

84860 WASHINGTON : 1962

COMMITTEE ON FOREIGN AFFAIRS

THOMAS E. MORGAN, Pennsylvania, *Chairman*

CLEMENT J. ZABLOCKI, Wisconsin
OMAR BURLESON, Texas
EDNA F. KELLY, New York
WAYNE L. HAYS, Ohio
ARMISTEAD I. SELDEN, JR., Alabama
J L. PILCHER, Georgia
BARRATT O'HARA, Illinois
L. H. FOUNTAIN, North Carolina
DANTE B. FASCELL, Florida
LEONARD FARBSTEIN, New York
D. S. SAUND, California
CHARLES C. DIGGS, JR., Michigan
LINDLEY BECKWORTH, Texas
HARRIS B. McDOWELL, JR., Delaware
WILLIAM T. MURPHY, Illinois
CORNELIUS E. GALLAGHER, New Jersey
ROBERT N. C. NIX, Pennsylvania
THOMAS F. JOHNSON, Maryland
JOHN S. MONAGAN, Connecticut

ROBERT B. CHIPERFIELD, Illinois
FRANCES P. BOLTON, Ohio
CHESTER E. MERROW, New Hampshire
WALTER H. JUDD, Minnesota
MARGUERITE STITT CHURCH, Illinois
E. ROSS ADAIR, Indiana
LAURENCE CURTIS, Massachusetts
WILLIAM S. MAILLIARD, California
PETER FRELINGHUYSEN, JR., New Jersey
WILLIAM S. BROOMFIELD, Michigan
ROBERT R. BARRY, New York
J. IRVING WHALLEY, Pennsylvania
HORACE SEELY-BROWN, JR., Connecticut

BOYD CRAWFORD, *Staff Administrator*
ROY J. BULLOCK, *Senior Staff Consultant*
ALBERT C. F. WESTPHAL, *Staff Consultant*
FRANKLIN J. SCHUPP, *Staff Consultant*
ROBERT F. BRANDT, *Investigator-Consultant*
HARRY C. CROMER, *Staff Consultant*
PHILIP B. BILLINGS, *Special Assistant*
MARIAN A. CZARNECKI, *Staff Consultant*
JUNE NIGH, *Senior Staff Assistant*
HELEN C. MATTAS, *Staff Assistant*
HELEN L. HASHAGEN, *Staff Assistant*
MARY LOUISE O'BRIEN, *Staff Assistant*
MARY MEDSGER, *Staff Assistant*
DORIS B. McCRACKEN, *Staff Assistant*
ROBERT J. BOWEN, *Clericat Assistant*

CONTENTS

	Page
Table of authorizations for fiscal year 1963	VI
Introduction	1
Pipeline	2
Gold outflow	4
Availability of foreign assistance presentation books to Members of the House	5
Provisions of bill:	
Part I:	
Chapter 1. Short title and policy	6
Section 101. Statement of policy	6
Chapter 2. Development assistance	7
Title II. Development grants and technical cooperation	7
Section 102 (a) and (c). Atomic energy	7
Section 102(b). Authorization	7
Title III. Investment guarantees	8
Section 103(a)(1). Investment guarantees	8
Section 103(a)(2). All risk guarantees	10
Section 103(b)(2). Reserve authorization	11
Section 103(c). Latin American housing	11
Title IV. Surveys of investment opportunities	12
Section 104. Surveys of investment opportunities	12
Title VI. Alliance for Progress	12
Section 105. Alliance for Progress	12
Introduction	13
Self-help principles	13
Funds available for the Alliance for Progress in fiscal year 1962	14
Fiscal year 1963 program	14
Detailed discussion of the new title VI	15
Section 251. General authority	15
Section 252. Authorization	16
Section 253. Fiscal provisions	17
Chapter 3. International organizations and programs	17
Section 106. Authorization	17
United Nations Technical Assistance and Special Fund	18
U.N. economic assistance to the Congo	19
U.N. Relief and Works Agency for Palestine Refugees (UNRWA)	19
U.N. Children's Fund (UNICEF)	20
U.N. Emergency Force (UNEF)	20
NATO science program, International Atomic Energy Agency, and World Health Organization special programs	20
Asian Productivity Organization and Commission for Technical Cooperation in Africa	21
Indus Basin	21
Proliferation of international organizations and programs	22
Financing of international organizations and programs	22
Chapter 4. Supporting assistance	23
Section 107. Supporting assistance	23
Chapter 5. Contingency fund	24
Section 108(a). Authorization	24
Section 108(b). Reports	25
Chapter 6. Assistance to agrarian economies	26
Section 109. Community development	26

Provisions of bill—Continued
Page
Part II:
Chapter 2. Military assistance 26
Section 201(a). Conditions of eligibility 26
Section 201(b). Sales of defense articles 27
Section 201(c). Commercial sales of defense articles 27
Section 201(d). Special authority 28
Part III:
Chapter 1. General provisions 29
Section 301(a). Completion of plans and cost estimates 29
Section 301(b). Use of settlement receipts 29
Section 301(c). Prohibition against assistance to governments indebted to U.S. citizens 29
Section 301(d). Expropriation of property 30
Chapter 2. Administrative provisions 31
Section 302(a). Exercise of functions 31
Section 302(b). Statutory officers 31
Section 302(c). Employment of personnel 32
Section 302(d). Status of personnel detailed 33
Section 302(e). Reporting 33
Section 302(f). General authorities 33
Section 302(g). Administrative expenses 33
Chapter 3. Miscellaneous provisions 34
Section 303(a). Saving provisions 34
Section 303(b). Definitions 34
Section 303(c). Unexpended balances 34
Part IV. Amendments to other laws 34
Section 401. Repeal of part IV 34
Section 402. Act of August 1, 1956 (basic authority for the Department of State) 35
Section 403. Interparliamentary Union 35
Minority views 37
Changes in existing law made by the bill as reported 47

87TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 1788

FOREIGN ASSISTANCE ACT OF 1962

JUNE 7, 1962.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MORGAN, from the Committee on Foreign Affairs, submitted the following

REPORT

[To accompany H.R. 11921]

The Committee on Foreign Affairs to whom was referred the bill (H.R. 11921), to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

Table of authorizations for fiscal year 1963

[In thousands]

	Fiscal year 1963 Executive request [1] (H. Doc. 362)	Fiscal year 1963 House committee recommendation	House committee reduction for fiscal year 1963
Sec. 102(b)—Development grants	$335,000	$300,000	$35,000
Sec. 103(b)(2)—Investment guaranties	100,000	100,000	
Sec. 104—Surveys of investment opportunities	5,000	1,500	3,500
Sec. 105—Alliance for Progress	[2] 600,000	[2] 600,000	
Sec. 106—International organizations and programs	148,900	148,900	
Sec. 107—Supporting assistance	481,500	440,000	41,500
Sec. 108—Contingency fund	400,000	275,000	125,000
Sec. 302(g)—Administrative expenses	[1] 55,000	50,000	5,000
Total	[1] 2,125,400	1,915,400	210,000

[1] The Executive appropriation request for fiscal year 1963 also includes requests for items previously authorized as follows:

Development loans	$1,250,000,000
Military assistance	1,500,000,000
Administrative expenses for Department of State	3,100,000

making a total Executive appropriation request of $4,878,500,000. Including the request of $2,400,000,000 for the Alliance for Progress, the Executive authorization request is $4,525,400,000.

[2] The bill also authorizes an appropriation of $600,000,000 for each of fiscal years 1964, 1965, and 1966—a total of $1,800,000,000—for the Alliance for Progress. This is a reduction of $600,000,000 from the Executive request of $2,400,000,000. Thus, the total authorization in this bill is $3,715,400,000.

FOREIGN ASSISTANCE ACT OF 1962

INTRODUCTION

This bill authorizes additional funds for carrying foward the foreign assistance program and contains a number of amendments to the Foreign Assistance Act of 1961 and to certain other laws for the purpose of improving the effectiveness of the program.

The bill authorizes additional appropriations of $1,915,400,000 for fiscal 1963, plus $600 million for the Alliance for Progress for each of the fiscal years 1964, 1965, and 1966.

The total appropriation requested by the Executive for the foreign assistance program for fiscal 1963 is $4,878,500,000, of which $2,753,100,000 was authorized last year.

This bill authorizes the funds with which the United States implements its cold war strategy. The strength and influence of the United States are due in large measure to our military power, economic resources, trade policy, and other underlying factors. These are so fundamental to our national security and well-being that they are not subject to short-run modifications as required by the changing problems and pressures which emerge as the cold war continues.

The foreign assistance program provides the means by which we strengthen and aid the nations which have joined together in active opposition to Soviet aggression, gives assurance of our friendship and support to those newly independent countries which regard the United States as being too closely identified with their former colonial masters, and accentuates the disadvantages of following the leadership of the Soviet Union to those nations which are inclined to subordinate principle to expediency.

The committee is convinced that the overwhelming majority of the people of the United States recognize that winning the cold war is the only acceptable solution of the problems which we face and are ready to pay whatever costs and make whatever sacrifices are necessary.

At the same time, the committee recognizes that there is widespread criticism of the foreign aid program reflecting a belief that its administration is wasteful and that it does not go at the job in the right way.

The fact that the Congress and the American people from day to day become increasingly aware of the number, variety, and complexity of the international problems which confront us does not mean that the position of the United States in world affairs is deteriorating, that our foreign policy is inadequate or that our foreign assistance program is a failure.

While every American is justified in feeling concern for the future in such areas as Laos, Vietnam, the Congo, Egypt, and Iraq, he should not overlook the fact that the Soviet Union has either suffered significant reverses in each of these countries or has seen prospects for a quick and easy takeover frustrated.

Although the United States must accept the fact that victory in the cold war is not close at hand and that a long and costly campaign lies ahead, the Kremlin is confronted with the fact that in most of the world's trouble spots, the outlook for a Communist victory is less favorable than a year ago.

The Committee on Foreign Affairs has, during recent years, carried on an active review of foreign aid operations in order to discover waste and to correct administrative deficiencies. The committee maintains an investigating staff which is continually checking up on foreign aid operations. It has called on the General Accounting Office for special investigations and follows carefully General Accounting Office reports on the foreign assistance programs. Reports on the shortcomings of foreign aid administration and achievements observed by members of the committee during their study missions overseas, as well as by staff technicians, have been made available to the Congress and to the public.

As a result of its investigations, the committee has initiated a number of improvements in foreign aid procedures, particularly with respect to the obligation and hoarding of funds. The committee is glad to be able to report that the Agency for International Development has adopted a number of measures in order to diminish or prevent the hoarding of funds and to correct shortcomings cited in the staff survey team report on "U.S. Aid to Korea, Vietnam, and Turkey" issued last February.

In spite of the progress which has been made, waste has not been eliminated from the program, and continuous and close scrutiny of foreign assistance operations must be maintained. The Committee on Foreign Affairs pledges that it will not relax its continuing vigilance in this direction.

While we may always hope that some day there may be invented a better means of attaining our foreign policy objectives than the foreign assistance program, neither the present administration nor its predecessor has been able to do so. The program authorized by this bill represents the best efforts of those directly responsible for defending our security and assuring our continued well-being to meet the dangers which threaten us.

No one can guarantee that the foreign assistance program will assure success in the attainment of our foreign policy objectives. Without the foreign assistance program, failure will be inevitable.

PIPELINE

The committee has continued to give attention to the size of the unexpended balances of the foreign assistance program. These unexpended balances, popularly called the pipeline, are funds that have been obligated for goods and services that are on order but have not yet been delivered. Payment must be made for them when delivered. Following are the annual unexpended balances for the foreign assistance program—military and nonmilitary but excluding investment guaranty programs—at the close of each fiscal year since 1950.

Unexpended balances—Military and nonmilitary[1] including Alliance for Progress but excluding investment guaranty

[In billions of dollars]

1950	$3.5	1955	$7.9	1960	$4.8
1951	7.1	1956	6.4	1961	6.0
1952	9.9	1957	6.1	1962 (estimate)	6.6
1953	10.1	1958	5.3		
1954	9.6	1959	4.8		

[1] Excludes $0.2 billion public debt funds for the investment guaranty programs.

These unexpended balances are available only to meet obligations already incurred. They are not available to move the program forward through the purchase of additional goods and services. These can only be procured by making available new or unobligated money. Some critics lump together other programs such as the Export-Import Bank and the sales of surplus agricultural commodities to make a case that large availabilities exist. Each of these other programs has, of course, a foreign policy objective. But the objectives of these programs are not identical with those of the foreign aid program. In many cases they complement the foreign aid program; in no case do they supplant it.

Unexpended balances are not peculiar to the foreign aid program. The following table compares the unexpended balances of the military assistance portion of the program with those of the Department of Defense.

Unexpended balances—Department of Defense

[In billions of dollars]

	Military assistance	Department of Defense (military function)		Military assistance	Department of Defense (military function)
1950	$1.3	$9.8	1957	$4.2	$34.6
1951	5.5	38.1	1958	3.4	32.1
1952	8.4	59.5	1959	2.5	31.7
1953	8.5	62.1	1960	2.3	30.7
1954	7.8	55.0	1961	2.6	28.7
1955	6.2	45.3	1962 (estimated)	2.8	29.9
1956	4.6	37.5			

The Department of Agriculture's unexpended balance stood at $2 billion at the end of fiscal year 1956. In 1957 it rose to $3 billion. For 1958 it was $4.8 billion and for 1959 it was $3.6 billion. In 1960 it was $3.7 billion but in 1961 it rose to $5.2 billion. The unexpended balances of all other Government agencies (excluding Defense, Agriculture, and the foreign assistance program) were $26.7 billion in 1956, $24.7 billion in 1957, $29.5 billion in 1958, $31.3 billion in 1959, $33 billion in 1960, $38.2 billion in 1961 and for 1962 $41.1 billion.

The argument has also been made that the foreign assistance program not only has large unexpended balances but that it also has tremendous unobligated amounts. The following figures taken from the President's budget for fiscal year 1963 show the unexpended and unobligated amounts for the foreign assistance program, the Department of Defense, the Department of Agriculture, and all other Federal agencies.

Unexpended and unobligated balances

[In billions of dollars]

	Department of Defense (military functions)	Foreign assistance	Department of Agriculture	All others
Unexpended June 30, 1956	37.5	6.6	2.0	26.7
Unobligated/unreserved June 30, 1956	12.7	.4	.2	19.6
Unexpended June 30, 1957	34.6	6.3	3.0	24.7
Unobligated/unreserved June 30, 1957	11.0	.9	1.6	17.7
Unexpended June 30, 1958	32.1	5.5	4.8	29.5
Unobligated/unreserved June 30, 1958	8.3	.2	3.4	20.6
Unexpended June 30, 1959	31.7	5.0	3.6	31.3
Unobligated/unreserved June 30, 1959	8.2	.2	2.2	22.1
Unexpended June 30, 1960	30.7	5.0	3.7	33.0
Unobligated/unreserved June 30, 1960	9.6	.2	2.4	23.5
Unexpended June 30, 1961	28.7	6.2	5.2	38.2
Unobligated/unreserved June 30, 1961	8.1	.8	2.2	29.5
Unexpended June 30, 1962 (estimated)	29.9	6.8	3.9	41.1
Unobligated/unreserved June 30, 1962 (estimated)	5.6	.1	.8	29.8

NOTE.—Foreign assistanee unexpended balanees inelude publie debt funds of $200,000,000 for the investment guaranty program.

Military assistance reservations are ineluded in foreign assistanee unexpended balanees above but are not ineluded in unobligated balanees. Reservations are made pursuant to the provisions of see. 108 of the Mutual Seeurity Appropriation Aet, 1956, as amended. Under the reservation proeedure equipment on order for the foreign assistanee program is finaneed initially from regular Department of Defense proeurement funds. At the time orders are placed funds are reserved in the foreign assistanee and military assistanee aeeounts for future reimbursement to the proeurement aeeounts of the military services.

For development loans (included in foreign assistance) the unexpended balance includes loan commitments not yet teehnically obligated. The unobligated balanee exeludes sueh eommitments.

Considering the magnitude of the program and its global character, the committee believes that the fiscal side of the foreign aid program compares favorably with that of other Government agencies. In many cases it is considerably better. The committee, in arriving at amounts authorized, has taken into consideration the Executive's revised end-of-the-year estimates on unobligated balances.

GOLD OUTFLOW

The committee has given careful consideration to the relationship between the foreign aid program, the U.S. balance-of-payments problem, and the outflow of gold from the United States, and has arrived at the following conclusions:

1. It is more important to win the cold war, in which foreign aid is of crucial importance, than to seek to reduce the outflow of gold by excessive reductions in these expenditures, thus jeopardizing the basic objectives of our foreign aid program.

2. The foreign aid program, although contributing to the balance of payments problem, is not a decisive factor in this admittedly serious situation. Most expenditures for foreign aid are spent in the United States.

3. The balance of payments gold problem, however, remains so serious, and is so complex, that continuing attention must be given in the administration of the foreign aid program to ways in which the United States position may be improved.

The U.S. balance-of-payments deficit in 1961 amounted to nearly $2.5 billion, substantially below the $3.7 billion average for the 3 previous years. A little over one-third of the 1961 deficit, $857 million, was reflected in sales of gold from U.S. monetary stocks. Although the foreign aid appropriation for fiscal 1962 was in total $3.9 billion and appropriations of $4,878,400,000 have been requested

by the Executive for fiscal 1963, most foreign aid funds are spent in the United States and do not adversely affect the U.S. balance of payments.

Although the oversea defense expenditures of the United States amount to $3 billion a year, nearly all of this amount is the result of maintaining U.S. forces overseas and does not involve foreign aid funds. (We know of no demand to abandon our oversea bases for balance-of-payments reasons.)

Eighty-two percent of military assistance funds are spent in the United States. Our sales of military equipment to foreign nations are estimated to be $800 million during fiscal 1962. This is more than twice the $335 million of military assistance funds to be spent outside the United States. It is expected that 73 percent of U.S. economic aid funds for fiscal 1962 will be spent directly in the United States. The Agency for International Development has set as its goal for the near future the expenditure of 80 percent of its funds directly in the United States.

It is U.S. policy to maximize foreign aid procurement in the United States, and procurement in the 19 principal industrial nations of the world (our competitors in world markets) is prohibited except to meet a few special situations.

The maximum possible adverse impact of foreign assistance and related activities reflected in the 1961 balance of payments, including not only foreign aid funds but also contributions such as to the Inter-American Development Bank and the International Development Association, was $1.3 billion. Not all of this sum, however, was in fact spent offshore, since a considerable part of contributions to international organizations and other assistance items included in this figure was actually spent in the United States. Much of the remainder was spent in countries which buy more from us than we buy from them. Thus, the actual adverse impact was considerably smaller than indicated. The new policies and procedures being followed in the administration will undoubtedly reduce this amount substantially.

The balance-of-payments gold problem involves the entire range of domestic and foreign economic policy as well as our basic military strategy. It is being given a high priority by the President and the Cabinet. Such matters as domestic wage levels, tariff and trade policy, interest rates, and banking policy are involved.

The administrators of U.S. foreign aid have taken decisive and effective action to minimize any adverse effect of our aid operations on the payments problem. Any curtailment of the foreign aid program as presently carried on would not bring the problem nearer to a solution. In the meantime, a comprehensive and coordinated effort is bringing about an improvement in the situation.

AVAILABILITY OF FOREIGN ASSISTANCE PRESENTATION BOOKS TO MEMBERS OF THE HOUSE

As in previous years an invitation was extended to every Member of the House willing to respect the security classification to examine the presentation books containing detailed information relating to the foreign assistance program. There are five classified volumes this year which are available at all times at the office of the Foreign Affairs Committee on the gallery floor in the Capitol and will be at the

committee tables during the period when the foreign aid bill is under consideration.

The classification of the material in the volumes is done by the Executive and not by the Committee on Foreign Affairs. There are three main categories of material which still are not made public:

First, information as to the size and strength of the armed forces of cooperating countries and as to the number of tanks, airplanes, etc., which have been or will be delivered to other nations.

Second, the amount of money currently programed for fiscal 1963 for individual countries. This is to avoid disappointment and possible ill will if adjustments in amounts are necessary after congressional action is completed.

Third, comments and judgments of U.S. officials concerning conditions in foreign countries. It is essential that if the committee and the Congress are to receive frank estimates, such comments not be made public. If our ambassadors and military commanders are not protected on such matters, they will inevitably be limited to carefully phrased statements, which will be in accord with diplomatic usage but not very informative or useful to the Congress.

PROVISIONS OF BILL

Part I

CHAPTER 1—SHORT TITLE AND POLICY

Section 101—Statement of policy

Section 101 amends paragraph 5 of section 102 of the Foreign Assistance Act of 1961, relating to the statement of policy.

Paragraph 5 of section 102 of the act contains an expression of U.S. support for increased economic cooperation and trade among countries, freedom of the press, information, and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion. The paragraph further calls for the application of these principles in the administration of all parts of the act. These provisions will remain in the law.

The committee was deeply disturbed to receive, during its consideration of the Foreign Assistance Act amendments of 1962, evidence that certain foreign nations continue to make distinctions between American citizens because of race, color, or religion in the granting of personal or commercial access and in the exercise of other rights available to American citizens. The committee believes that such discrimination against American citizens is totally unwarranted and repugnant to our principles. The amendment embodied in section 101 contains a strong expression to that effect. It declares that discrimination because of race, color, or religion against American citizens is repugnant to our principles. These principles shall be applied in all negotiations with foreign nations with respect to any funds appropriated under the authority of this act. The amendment further requires the Secretary of State to report annually on the measures taken to implement this directive.

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

Section 102 (a) and (c)—Atomic energy

Section 102(a) of the bill adds a subsection (c) to section 211 of the act. The new language limits the use of funds made available for development grant purposes for programs that promote the peaceful use of atomic energy outside the United States to not more than $1 million in any one fiscal year. Such programs may only be carried out in accordance with the criteria set forth in section 211.

Section 102(c) of the bill deletes the present language pertaining to atoms for peace in section 213 of the act.

The deletion of the existing authorization for the atoms-for-peace program and the inclusion of the proposed language in section 211 of the act indicates no diminution of interest in the peaceful uses of atomic energy. Rather, it reflects a change of emphasis from an earlier narrow program confined to the acquisition of reactors to a broader program of research and the training of experts, particularly in medicine, agriculture and special scientific research and technology. These activities, when integrated with the individual country program, will be fully consonant with the purposes for which development grant funds are authorized.

Section 102(b)—Authorization

This section amends section 212 of the Foreign Assistance Act of 1961, as amended, by striking out language referring to the authorization for appropriation for use beginning in fiscal year 1962 and substituting an authorization of $300 million for an appropriation for development grants and technical cooperation for use beginning in fiscal year 1963. This amount is $35 million below the authorization requested, $80 million below the authorization for fiscal year 1962, and $3,400,000 above the amount appropriated for these purposes during fiscal year 1962.

The committee reduction of $35 million was based, in part, on the previous authorization of $63,750,000 for Peace Corps activities. The Peace Corps does not duplicate AID activities and has developed into a new and valuable instrument of U.S. foreign policy. It was the judgment of the committee that the Peace Corps might perform functions in the field of technical assistance which have been carried out under the development grant program and that the total funds authorized for the two activities would be sufficient for fiscal year 1963. In addition, several countries have reached a stage of development where they no longer need U.S. development grant programs in fiscal year 1963.

The development grant and technical cooperation program meets a vital need of the developing nations. It is used to assist these countries to—

(1) Improve the educational, technical, and professional skills of their people;

(2) Improve and expand those institutional structures and practices which contribute to economic and social development;

(3) Determine through surveys, research, and analysis the indigenous human and material resource base for development;

(4) Formulate effective plans and programs directed toward feasible development goals; and

(5) Provide for the construction of physical facilities required for the development of human resources and, in exceptional cases, for other basic facilities which are vitally required for economic growth.

During the past year there has been considerable redirection of effort toward high priority programs in various fields, including education and the development of human resources, agriculture and rural development, health and sanitation, land reform, housing development planning and public admininstration. There has also been an increased emphasis on civic action programs which involve the supplying of material to military personnel trained and equipped under the military assistance program for use on development projects.

In order to insure more effective utilization of U.S. resources, development grant programs are being screened against the following important factors, in addition to the criteria specified in section 211:

(1) Does the activity address a high priority goal in the country's own development plan or program?

(2) What is the relationship of the proposed activity to other projects or programs?

(3) Does the pattern of our assistance induce the recipient government to concentrate its own resources on the highest priority goals, or does it divert relatively scarce local resources (both material and human) into lower priority activities?

(4) Does assistance provided by the United States duplicate or compete with aid which is being or could be provided by friendly non-U.S. sources such as the United Nations, International Bank for Reconstruction and Development and other nonbloc bilateral programs?

(5) Does the form or magnitude of our assistance inhibit the gradual acceptance of greater responsibility by the host government and a complete phasing out of U.S. assistance within a reasonable period of time?

(6) Is the host government making a contribution to joint activities, both of personnel and financial resources, which is commensurate to its capabilities?

The committee approves the redirection of the development grant program and encourages the continued concentration of these funds on high priority educational and training activities. It further urges the continued measuring of assistance programs against the stringent tests now being used in order to insure proper utilization of U.S. assistance.

TITLE III—INVESTMENT GUARANTIES

Section 103(a)(1)—Investment guaranties

Guaranties have been a part of the foreign economic assistance program since the beginning of the Marshall Plan. This program is aimed at providing incentives and protection to U.S. private enterprise in the investment of capital in less developed countries for the purpose of economic growth.

Last year's legislation clarified and enlarged the scope of the prior specific risk investment guaranty coverage and also redefined the broad guaranty authority previously held by the corporate Development Loan Fund.

The specific risk guaranty program was continued by the 1961 act with clarifications and enlargements in its coverage. Under that act, expropriation includes any abrogation, repudiation, or impairment of its own contract by a foreign government, which, not being the fault of the investor, materially adversely affects continued operation of the project. Eligibility for guaranties also includes foreign chartered subsidiaries wholly owned by a U.S. corporation. The scope of war losses includes coverage against losses from revolution or insurrection. A guaranteed investor may obtain a speedy and final settlement of a disputed claim for coverage by referring such disputes to arbitration with the consent of the parties.

With the liberalization of the legislation covering specific risk guaranty authority and in view of the present world situation, there has been a noticeable increase in investor interest in the program. At the present time there are 45 less-developed countries and 6 less-developed dependent oversea territories of European nations in the program.

Under the 1961 act no more than $1 billion of specific risk coverage at any one time may be outstanding. Currently 509 investment guaranty contracts have been written in the amount of $767.8 million. At the present time, the number of applications received total approximately $2.3 billion, while unobligated reserves are about $35 million. An additional $300 million is authorized by this bill for the establishment of a ceiling of $1.3 billion.

The greater flexibility concerning bilateral country agreements referred to in this report under section 103(a)(2) would also permit expanded use of the specific risk authority. At the same time, however, negotiations will be continued in an attempt to conclude bilateral agreements with countries o !Latin America and Africa.

The committee is not satisfied with the rate of progress in issuing guaranties. The economic development of the countries eligible for investment guaranties will be retarded if private investment in such countries id delayed. The administrators of the program are urged to take whatever action may be necessary to speed up its operation.

The act provides that the guaranty program, both on specific and general risks "shall be administered under broad criteria." There is need, now more than ever, for a more imaginative use of these guaranties if private enterprise participation in programs such as the Alliance for Progress is to take place. In Latin America, for example, the specific risk guaranties and housing guaranties can be used to encourage reinvestment of earnings or capital that would otherwise leave the area; they should also be available for the new investments of the U.S. investor who agrees to reinvest his compensation in whatever form received when governmental entities expropriate or buy him out, as is now proposed with respect to the recent utilities cases in Latin America.

Similarly, having obtained greater statutory flexibility in the arrangements that may be made to protect the U.S. Government interest if there are payments under the guaranties and having obtained the all risk guaranty authority (see below), the guaranty pro-

gram administrators should now make use of these authorities to get maximum private enterprise participation. There is evidence that in some Latin American countries desirable private development loans will be made if all risk guaranties are available, but not otherwise. Before government-to-government loans are made and our public aid programs assume most of the risk and responsibility, effort should be made to see if, by use of an all risk guaranty, private enterprise cannot be found which will advance the funds, manage the project and assume a portion of the risk.

Section 103(a)(2)—All risk guaranties

This subsection amends subsection 221(b)(2) to permit the loan investment guaranties issued for housing projects to cover fully the nonpayment of loan investment funds which are to be used for the financing of the housing projects.

The purpose of this amendment is to remedy the situation created under the existing provision of the act whereby loan investors for such projects are required to seek other sources to obtain the additional 25-percent security for their loan investment. In order to induce investors to make long-term, low-interest-rate loans, guaranties up to 100 percent of such loan investments are authorized. This amendment will not apply to any guaranty covering an equity investment.

Subsection 221(b)(2) was added to the Foreign Assistance Act of 1961 which provided all-risk guaranties limited to a total face amount of $90 million. An additional $90 million in the face amount of guaranties is authorized by this bill for the same purposes, making a total of $180 million for all-risk guaranties. No guaranty can be issued for more than $10 million on any one project. The guaranty may not exceed 75 percent of the investment other than loan investments for housing projects. These guaranties are available to U.S. investors or to foreign chartered wholly owned subsidiaries of U.S. corporations.

In order to encourage U.S. private investments in the newly developing areas, the requirement that a bilateral country agreement be executed prior to the issuance of any guaranty in a country was clearly altered by subsection (d) of section 221 under the Foreign Assistance Act of 1961, and by legislative history. This change anticipated greater flexibility in the operation of the entire investment guaranty program, particularly in Latin America.

This new policy permitted a guaranty to be issued for an investment without the conclusion of any bilateral agreement other than an agreement to institute the program, provided, however, it is determined from the particular circumstance in each case that the interest of the U.S. Government is protected. Thus, for example, the guaranty program could be instituted on a case-by-case basis by an exchange of notes wherein the foreign government approves the U.S. guaranty of a particular project.

Continuous efforts should be made to conclude agreements which contain explicit recognition of the U.S. Government's right to subrogation and turnover of assets. However, this new policy allows alternative arrangements suited to the particular circumstances of the case where legal obstacles in less developed countries inhibit their entry into standard form bilateral agreements. This element of flexibility is highly desirable since in some instances, political or other practical difficulties may impede obtaining immediate agreement with

respect to U.S. turnover and subrogation rights but nevertheless suitable arrangements can be made.

Section 103(b)(2)—Reserve authorization

Section 103(b)(2) adds a new subsection (f) to section 222 and authorizes a sum to be appropriated not to exceed $100 million which shall remain available until expended. It is proposed that a consolidated reserve be established consisting primarily of funds available from borrowing authority provided by previous legislation and funds generated by the fees received so that an adequate reserve is established for guaranties issued under both authorities.

In addition to specific risk guaranties, last year's legislation provided for all-risk and Latin American housing guaranties. Existing reserves total about $35 million and are inadequate to cover these new guaranty programs and the existing specific risk program. Subsection (d) of section 222 of the Foreign Assistance Act is amended so that if and when a loss or losses occur, payment may also be made from funds made available by the new authorization.

Section 103(c)—Latin American housing

The necessity for loan investors to obtain the additional security for that part of their investment in housing projects not guarantied under this program is eliminated by an amendment in section 221(b)(2) permitting 100-percent guaranties for loan investment in housing projects. The policy indicated by this amendment also applies to section 224 although no new statutory change is required. That section authorizes a new program to guaranty investment for pilot housing projects in Latin America.

Measures to raise housing standards of middle and lower middle income families must be undertaken through the stimulation of private initiative and private investment. The plight of families comprising this segment of the population is as serious as that of low-income families. To solve the problem of those whose income is adequate to warrant homeownership without government subsidy, it is essential that sources of mortgage credit be developed. Until such time as a reservoir of savings can be accumulated internally, long-term capital must be attracted from institutional investors in the United States.

Latin America needs 1.2 million new homes each year to meet new family demands, and even this will not touch the accumulated housing deficit.

To develop a homebuilding industry in Latin America, it is hoped that each country will enact legislation creating a mortgage insurance agency patterned after the Federal Housing Administration (FHA) in the United States. The development of a mortgage system of this nature will confer benefits similar to the advantages enjoyed by U.S. citizens.

It is desirable, to the extent feasible, that host governments participate in the guaranty of the investments in housing projects.

The committee believes the housing guaranty program can be utilized to accomplish the objectives of the Alliance for Progress. Instead of government-to-government loans and grants, as are used for low-cost housing, private investment sources can be relied upon to assume that part of the responsibility which properly belongs in the private sector.

84860—62——2

Last year a $10 million ceiling was authorized for this program. For fiscal year 1963 an additional $50 million is authorized.

TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

Section 104—Surveys of investment opportunities

In order to encourage private enterprise to undertake surveys of investment opportunities in less-developed countries, sections 231–233 of the Foreign Assistance Act of 1961 authorized the Agency for International Development to participate in the financing of such surveys. AID participation may not exceed 50 percent of the total cost of the survey.

Participation with U.S. investors in the financing of investment surveys is an effort to increase U.S. private enterprise participation in global economic development programs. Under various arrangements the AID will agrec with prospective investors to share up to 50 percent of the cost of investment surveys designed to examine the feasibility of specific investment projects. If, after the survey is completed, the investor decides not to undertake the investment project under consideration, the survey report becomes the property of the United States.

The initiative for surveys of investment opportunities may come from U.S. private investors, from the U.S. Government or from the government of less-developed friendly countries.

Investment surveys are professionally acceptable studies relating to specific investment projects. They may be made either by employees of the participating private enterprise or by a qualified independent contractor. These surveys are designed to explore and analyze the economic and technical feasibility of the projects. Typically, investment surveys include consideration of such matters as market potential, plant location, raw material availability, labor sources, engineering feasibility, profits, and other financial considerations.

Prospective investors eligible to participate in the investment survey program must be citizens of the United States, or any corporation, partnership, and other association substantially owned by U.S. citizens.

Last year $5 million was authorized for the investment opportunities survey program. However, $1.5 million was appropriated with no carryover of any unexpended balance for the next fiscal year. The committee authorized $1.5 million for fiscal year 1963.

TITLE VI—ALLIANCE FOR PROGRESS

Section 105—Alliance for Progress

Section 105 of this bill amends chapter 2 of part I of the Foreign Assistance Act, which relates to development assistance, by adding a new title VI relating to the Alliance for Progress.

A primary purpose of providing this new title VI is to emphasize the importance with which we view the Alliance for Progress. By separately authorizing and appropriating funds for the Alliance increased attention will be focused upon both its requirements and its accomplishments.

Introduction

On March 13, 1961, President Kennedy proposed that—

> the people of the hemisphere join in a new alliance for progress * * * a vast cooperative effort, unparalleled in magnitude and nobility of purpose, to satisfy the basic needs of the American people for home, work and land, health and schools * * *.

He stated the purpose of the Alliance to be:

> * * * to demonstrate * * * that man's unsatisfied aspiration for economic progress and social justice can best be achieved by free men working within a framework of democratic institutions.

The President's proposal for an alliance was preceded by several measures involving Latin America. In September 1960 the U.S. Congress enacted Public Law 86–735 providing for assistance to Latin America. In this law the principles of self-help and mutual efforts were enunciated. Later that month, the Committee of 21 of the Organization of American States met in Bogotá and agreed to the Act of Bogotá which embodied the aspirations and objectives of the American Republics and set forth the ideas of self-help.

Self-help principles

The concept of self-help, including social and economic reform, is a cornerstone of the Alliance for Progress. The participation of the United States in this effort to bring about social progress and to develop the economies of the Latin American republics and of dependent territories is predicated upon the assumption that by marshaling their resources and inaugurating or expediting reforms these Republics and territories will help themselves. The American Republics have recognized the essentiality of taking immediate self-help measures and initiating reforms. In August 1961, pursuant to the President's proposal for an alliance, the Inter-American Economic and Social Council met at Punta del Este. There the representatives of the American Republics agreed upon a declaration which stated that:

> For their part, the countries of Latin America agree to devote a steadily increasing share of their own resources to economic and social development, and to make the reforms necessary to assure that all share fully in the fruits of the Alliance for Progress.

Since the enactment of Public Law 86–735 and the Act of Bogotá a number of steps have been taken by the American Republics which demonstrate their determination to initiate reforms and help themselves. For example:

(*a*) Between August 1960 and December 1961, in a step-up of the agrarian reform program, Bolivia granted 71,000 land titles to small-scale farmers.

(*b*) In Brazil, a comprehensive 5-year development plan for the depressed northeast region has been completed and the Brazilian Congress has appropriated funds for the first year equivalent to $100 million.

(*c*) In November 1961 Colombia enacted an agrarian reform law providing for the redistribution of inadequately used land. Compensation would depend upon the size and present use of landholdings and would vary from 20-percent cash plus 5-year bonds to 25-year 2-percent interest bonds for large unused estates.

(*d*) In El Salvador, a bloodless coup d'etat established a civilian-military directorate in January 1961 which pledged itself to hold free elections and to institute a social reform program in line with the principles of the Act of Bogotá. A number of reforms were put into effect including increased income taxes, minimum wage legislation both for urban and farmworkers, establishment of minimum dietary standards for farmworkers, and adoption and implementation of a financial stabilization program in cooperation with the International Monetary Fund. In December 1961 the free election pledge was fulfilled. In this election the candidates supporting the government and its reform program won an overwhelming victory.

(*e*) Effective July 1, 1961, Uruguay adopted an income tax with a base of 10 percent plus a progressive rate ranging up to 30 percent. This is the first income tax law in the country's history.

These are encouraging signs, and the committee urges even greater efforts in this direction in the future.

Funds available for the Alliance for Progress in fiscal year 1962

It is estimated that the following amounts will be available for the Alliance during fiscal year 1962:

[In millions of dollars]

	Funds available, fiscal year 1962	
	Authorized by Public Law 86–735 [1]	Under other authorizations
Inter-American Development Bank	394	
OAS	6	
AID:		
Social progress (Inter-American Program for Social Progress)	100	
Chilean reconstruction	100	
Development grants		[2] 19.0
Development lending		[3] 302.9
Supporting assistance		[3] 111.0
Export-Import Bank		[4] 199.0
Food for peace		[5] 130.0
Total	600	761.9

[1] No-year funds, appropriated on May 27, 1961, effectively available in fiscal year 1962 and thereafter.
[2] Currently programed for use in Latin American region in addition to $90 million social progress funds.
[3] Estimated fiscal year 1962 commitments from development lending worldwide availability.
[4] The Export-Import Bank does not program loans on a regional basis. Worldwide statutory limitation is $800 million for development loans. Total shown includes all loans made between July 1, 1961, and May 1, 1962.
[5] Estimated Public Law 480 sales proceeds for economic development purposes, combined with estimates of title III voluntary contributions.

Fiscal year 1963 program

Development lending of $510 million is programed. This will be supplemented by an estimated $175 million in loans from Public Law 86–735 funds under the criteria of the Social Progress Trust Fund, administered by the Inter-American Development Bank.

A $100 million development grant program ($90 million appropriation request plus $10 million unobligated social progress funds) is planned for fiscal year 1963, for assistance to educational development,

planning, and better government administration and improved rural institutions. This is slightly below the estimated fiscal year 1962 level of $109 million. These activities, which are individually not massive, are vital ingredients to the development of human skills and institutions essential to successful development.

A major reduction in supporting assistance is proposed for fiscal year 1963. The $15 million programed is based on the assumption that development aid in the form of loans and technical assistance will provide an adequate substitute and bring about development growth. However, there remains a continuing need for some supporting aid aimed at political and economic stability which may need to be supplemented at any time given the everchanging picture in the Latin American scene.

DETAILED DISCUSSION OF THE NEW TITLE VI

Section 105 adds a new title VI composed of three sections (251–253):

Section 251—General authority

Subsection (a) expresses the sense of the Congress that the historic, economic, political, and geographic relationships among the American peoples and Republics are unique and of special significance, and that the Alliance for Progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relationships among them. It expresses further the sense of Congress that—

> Vigorous measures by the countries and areas of Latin America to mobilize their own resources for economic development and to adopt reform measures to spread the benefits of economic progress among the people are essential to the success of the Alliance for Progress and to continued significant U.S. assistance thereunder.

In consideration of these unique relationships and special needs, this subsection authorizes the President to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America, which would include dependent oversea territories and the Caribbean area.

Subsection (b) of the new section 251 sets forth the legislative criteria and other conditions applicable to the furnishing of assistance under this new title. First, it requires that assistance furnished under this title be directed to the development of human, as well as economic, resources.

It also requires the President to take into account in furnishing such assistance—

> (1) the principles of the Act of Bogotá and the Charter of Punta del Este and, in particular, the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures;
>
> (2) the economic and technical soundness of the activity to be financed;
>
> (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives;

(4) the possible effects upon the U.S. economy, with special reference to areas of substantial labor surplus of the assistance involved.

These criteria would also apply when assistance is furnished through regional or international organizations such as the Organization of American States or the Pan American Health Organization.

In addition to the above criteria, in making loans under this title from funds which are required to be used for loans payable as to principal and interest in U.S. dollars, the President is required to take into account whether financing could be obtained in whole or in part from other free world sources on reasonable terms.

Further, the subsection states that loans shall be made only upon a finding of reasonable prospects of repayment and provides that the following sections of the Foreign Assistance Act shall apply: section 201(d) concerning prohibition against excessive rates of interest; section 202(b) relating to long-term commitments subject to the future appropriation of funds; section 202(c) with respect to notification to the Congress on the provision of the long-term commitment agreements; and section 204 which establishes the Development Loan Committee.

Subsection (c) provides that the President's special authority contained in section 614(a) may not be used to waive the requirements of the new title VI with respect to funds required to be used on a dollar-repayable loan basis. Therefore, this special authority would be available only with respect to the $100 million authorized for use on terms other than dollar-repayable loans.

This subsection further provides that the transfer authority contained in section 610 may be used only to transfer funds required to be used on a dollar-repayable loan basis to the development loan funds made available under title I of chapter 2 of part I. Comparable transfer authority from the Development Loan Fund to the Alliance for Progress is not necessary since the Development Loan Fund can make loans or commitments to Latin American countries should Alliance for Progress loan funds be insufficient. The restrictions imposed by this subsection on the use of Alliance for Progress funds available only for dollar repayable loans are similar to those imposed by section 201(c) of the act on development loan funds and have the effect of preventing the use of the President's special authorities to diminish the dollar-repayable loan requirement.

Subsection (d) of section 251 provides that the President shall, when requested and when appropriate, assist in fostering measures of agrarian reform. This is identical with the existing requirement contained in the second portion of section 618 of the act relating to economic assistance to Latin America which would be repealed by section 01(c) of the bill.

Section 252—Authorization

Section 252 of the new Alliance for Progress title authorizes the annual appropriation of $600 million for use beginning in each of the 4 fiscal years 1963 through 1966. This is a reduction of $200 million per year for fiscal years 1964–66 or a total of $600 million from the $3 billion total amount requested for the Alliance by the executive branch. It also represents a general tightening up by the committee over the manner in which the amounts are authorized.

The original request was for $600 million for use beginning in fiscal year 1963 and $2.4 billion for the fiscal years 1964–66 without specifying either the amount for each year or whether it would be authorized for grants or dollar-repayable loans. Under the committee amendment, the section provides that of the funds appropriated for use beginning in fiscal year 1963, not more than $100 million may be used on terms other than for dollar-repayable loans. This, therefore, means that not less than $2.3 billion of the total funds authorized to be appropriated during these 4 fiscal years must be used for dollar-repayable loans and will be subject to the criteria and other considerations for dollar loan assistance under this title.

Also, under authority contained in section 251(b) of this title, the total funds authorized by this section may be committed by the President, subject only to the annual appropriation of such funds in the same manner as development loan funds under section 202(b) of title II.

This section further provides that the President, in presenting requests to the Congress for authorizations for appropriations for fiscal years 1964 through 1966 to carry out other programs under the Foreign Assistance Act, shall also present the programs proposed to be carried out from funds appropriated pursuant to the authorization contained in this section for the respective fiscal year. Therefore, complete justification for the programs for which appropriations are requested will be made to the authorizing committees even though no additional authorization is required.

Section 253—Fiscal provisions

Section 253 relates to fiscal provisions and provides that the dollar receipts from loans under the new title VI will be available for use for further dollar-repayable loans in furtherance of the purposes of the new title. This section places the Alliance for Progress on a basis similar to that of development lending as provided in section 203. It also provides that receipts from loans made for the benefit of countries and areas of Latin America under title I of chapter 2 of part I, including loans to private entities, which are now available for use under the development loan title pursuant to section 203, shall, notwithstanding section 203, be available for use for further dollar-repayable loans under this new title. At May 8, 1962, the maximum total estimated dollar-repayable loans and commitments under the Development Loan Fund which, when repaid, would become available to the Alliance for Progress for reuse under this authority is $333.9 million. Since all these commitments may not result in loans, the actual repayments may be substantially less.

This section further provides that such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Section 106—Authorization

This section authorizes the sum of $148.9 million for an appropriation for fiscal year 1963. This amount is programed for voluntary contributions to be made by the United States to 11 international organizations and programs.

The programs covered by this authorization fall into five functional categories. The bulk of the funds authorized to be appropriated under this section—$115.1 million—are programed for economic aid and technical assistance. Of this amount $50 million is programed for U.S. contribution to the expanded U.N. technical assistance program and the preinvestment work of the Special Fund; $34.3 million for economic assistance to the Congo; $30 million for the U.S. share of the international consortium which is helping to develop the waters of the Indus Basin; $0.6 million for the relatively new program of the Commission for Technical Cooperation in Africa; and $0.2 million for the work of the Asian Productivity Organization.

The second largest amount, distributed on a functional basis, will permit U.S. contribution of $17.2 million to the United Nations Relief and Works Agency, to help maintain the refugees left homeless after the Arab-Israel war.

For assistance to children and mothers, a contribution of $12 million to the United Nations Children's Fund is proposed.

For the support of science, contributions of $3.3 million—$1.5 million for the NATO science program, $1.25 million for the International Atomic Energy Agency, and $0.5 million for the medical research program of the World Health Organization—are proposed.

The remaining amount—$1.3 million—is programed for peace and security operations in the form of U.S. contribution to the United Nations Emergency Force in the Middle East.

The total amount authorized under this section—$148.9 million—accounts for approximately 4 percent of the total authorization contained in this bill. It is $4.6 million less than the amount appropriated under chapter 3 of the act in fiscal 1962. Further, the number of programs proposed to be assisted is smaller than it was in fiscal 1962. In some instances, programs supported by voluntary U.S. contributions in fiscal 1962 have achieved their objective or other arrangements have been made for their financing.

Several of the programs funded on a voluntary basis under the authority of chapter 3 of the act are also financed in part by assessed contributions that are carried in the Department of State appropriations bill.

The following is a brief description of the activities proposed to be aided by U.S. contributions authorized in this section:

United Nations Technical Assistance and Special Fund

The United Nations expanded technical assistance program was established in 1950 to provide technical assistance for the economic development of the developing nations. The program furnishes experts, fellowships, demonstration supplies, and equipment to countries at their request, through the specialized agencies of the United Nations, the International Atomic Energy Agency, and, in certain fields, through the United Nations itself. The U.N. Special Fund, created through U.S. initiative, began operations in 1959 and undertakes basic surveys, research, and establishment of training institutions necessary for economic development. The Fund is not a source of development capital; rather, it finances preinvestment projects such as surveys of resources, setting up of planning, and the like. The combined annual goal of the two agencies is $150 million.

In the past, the United States has matched up to 46 percent of the contributions of other governments in order to achieve this target.

The actual contributions amounted to $92 million in 1961 and are expected to reach $110 million during the current year. Continuation of this trend points to the assumption that the combined contributions will reach the level of $125 million in fiscal 1963, with the United States contributing $50 million, or 40 percent of that amount.

U.N. Economic Assistance to the Congo

The United Nations plans to carry out a program of stabilization and economic rehabilitation in 1962 in cooperation with the Government of the Congo. Contributions to the United Nations for economic assistance to the Congo will finance imports into the Congo and cover the cost of the U.N. technical assistance program. Proceeds from the sale of imports financed by these funds, by the food-for-peace program, and by funds contributed by other governments, will be used for budget support and economic development.

Of the funds authorized in this section, $34.3 million is planned for U.S. contribution to the U.N. for economic assistance to the Congo. In addition, the United States plans to contribute $20 million of surplus agricultural products under the authority of Public Law 480. These contributions will be used to create a stabilization fund and to provide U.N. technical assistance. It is anticipated that the U.S. contribution authorized in this section for the financing of imports into the Congo will be tied to the procurement of U.S. commodities. No funds are authorized under Chapter III or elsewhere in the bill for assistance to the U.N. military operations in the Congo.

While the situation in the Congo is improving, foreign assistance is critically needed to stem economic deterioration and to initiate the process of rebuilding economic activity. Without prompt and adequate assistance, proposed to be carried out by the United Nations, the Congo may once again be plunged into chaos and violence.

U.N. Relief and Works Agency for Palestine Refugees (UNRWA)

Since its establishment in 1951, UNRWA has been responsible for the welfare of the Palestine Arab refugee community. The organization's basic mission is to meet the minimum food, shelter, medical, and educational requirements of approximately 1 million refugees. Over the years, the United States has contributed close to 70 percent of the funds expended by that organization for the above purposes.

The proposed U.S. contribution to UNRWA for fiscal 1963 remains at the same level as in fiscal 1962—$24.7 million. The U.S. grant, authorized by this section, will amount to $17.2 million, of which $1.7 million is to be specifically earmarked for vocational training. The United States will also contribute $7.5 million in the form of surplus agricultural commodities under the authority of Public Law 480.

This legislation retains the requirement of section 301(c) of the existing law, to the effect that the President, in determining whether or not to continue assistance to the United Nations Relief and Works Agency for Palestine Refugees, shall take into account (1) whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees, and (2) the extent and success of efforts by the Agency and the Arab host governments to rectify the Palestine refugee relief rolls.

While the committee supports this program, it cannot hide its disappointment that neither Israel nor the Arab governments have as

yet taken any effective steps toward the repatriation or resettlement of these refugees. The committee is of the opinion that more vigorous action—including possible recourse to the discretionary authority given the President in section 301(c)—is needed to bring this problem to an early and acceptable solution. The committee also recommends more extensive use of our surplus agricultural commodities, and of excess local currencies, in this program to reduce the proposed dollar outlay.

U.N. Children's Fund (UNICEF)

Originally established to provide emergency relief for children in post-World War II Europe, UNICEF, since 1950, has been assisting governments in underdeveloped areas to carry out long-range health, nutrition, and other programs which will bring lasting benefits to children. Help is given only when requested by a government, and when the request is accompanied by a well-developed project bearing the technical approval of an appropriate specialized agency or organ of the United Nations. UNICEF is currently assisting over 400 projects in more than 100 countries and territories.

UNICEF allocations are estimated at $28.1 million for 1962, and $31.6 million for 1963. This expansion in the program, while desirable, should be financed through increased contributions from governments other than that of the United States, and private sources. The committee is of the opinion, therefore, that the U.S. contribution to UNICEF for fiscal 1963 should remain at the $12 million level, where it has been since 1960.

U.N. Emergency Force (UNEF)

UNEF is an international peacekeeping force drawn from seven members of the United Nations and established by the General Assembly in 1956 to maintain the armistice agreement between the United Arab Republic and Israel after the Suez crisis. This peacekeeping force is a collective responsibility of all United Nations members, who are assessed for its cost on the U.N. budget scale of assessments. Because of the refusal of the Soviet bloc and a number of the Arab States to pay their assessments, and the inability to pay or nonpayment on the part of some others, the financing of UNEF operations has presented serious problems. Beginning in fiscal 1963 and contingent on its successful development, UNEF will be financed from the proposed U.N. loan. Since the proposed loan is to be retired out of regular U.N. membership assessments, it is expected that, in the future, all U.N. members will participate more equitably in the financing of this undertaking.

The funds authorized to be appropriated under this section include $1.32 million for a voluntary U.S. contribution to UNEF for the period January 1 through June 30, 1962. The United States will also contribute $3.1 million as its assessed share of the total UNEF budget for this period.

NATO Science Program, International Atomic Energy Agency, and World Health Organization special programs

The total amount authorized in this section includes $3.3 million for the support of science through voluntary U.S. contributions to the NATO Science Program, the International Atomic Energy Agency, and the special programs of the World Health Organization. These

voluntary contributions are $2.25 million less than the amount of funds being provided to these three organizations—over and above the regular U.S. assessments—in fiscal 1962.

The committee supports the activities to be financed with these voluntary contributions. The committee believes, however, that they should be integrated, as soon as possible, into the regular budgets of the agencies concerned, so that their cost may be shared proportionately by all the participating countries. During the hearings on foreign aid legislation, the committee has urged the representatives of the executive branch to work vigorously to this end.

Asian Productivity Organization and Commission for Technical Cooperation in Africa

The Asian Productivity Organization was initiated in 1961 by eight countries of southeast Asia and the Far East: The Republic of China, India, Japan, Korea, Nepal, Pakistan, the Philippines, and Thailand. Its purpose is to raise the standard of living in Asian countries through higher productivity, primarily in the field of industry, and to provide a central organization for the exchange of productivity information and technical know-how in Asia. U.S. contribution of $200,000 in fiscal 1963 will continue to provide general budgetary support and assistance for specific project activities during the formative period of the Organization. It is anticipated that the sum of $216,000 will be contributed to the Organization by its members during 1962.

The Commission for Technical Cooperation in Africa, composed of 15 member states of tropical Africa, has for its purpose the promotion of cooperative technical development through multicountry projects which reflect mutual interest and common cultural links. The proposed U.S. contribution of $600,000 will provide continued support for going projects in the fields of rinderpest control, bovine pleural pneumonia, and oceanographic research and fisheries resources. It will also provide support for two new projects: the establishment of a training center for hydrology assistants and of a training institution for wildlife conservation officers.

Indus Basin

This large-scale project was developed as a solution to one of the major sources of friction between India and Pakistan—the use and division of waters of the rivers of the Indus Basin—and to the basic food deficiency of the area. Administered by the International Bank for Reconstruction and Development, this project involves a free world commitment of some $1.07 billion, extending over a 10-year period. A consortium consisting of Australia, Canada, Germany, New Zealand, United Kingdom, United States, and the World Bank, together with India and Pakistan, are financing this development which will create one of the world's largest irrigation systems. Of the amounts originally envisaged, the United States has agreed to contribute in dollars and local currency some $515 million. Contracts were awarded in January 1962 to American firms for about $380 million for the construction of several of the major works, notably the Mangla Dam and several of the link canals. The authorization contained in this section includes $30 million for fiscal 1963 U.S. contribution to the project under the Indus Basin Development Fund. This amount does not include loans which may be provided for this purpose under title I of chapter 2.

Proliferation of international organizations and programs

Apart from the 11 activities supported with voluntary contributions authorized in this chapter, the United States will contribute financial support, during fiscal 1963, to more than 65 other international organizations and programs. Many of these programs are still relatively young. Others have attained maturity. Funds for these activities will be included in various departmental appropriations, in most cases under existing authorizations. Each of these programs has been pioneered, cosponsored, or supported by the United States, and attests to U.S. leadership in international cooperation. Each program supports one or both of two basic aims of U.S. foreign policy: first, the promotion of peace and security; and, second, the promotion of economic and social growth, which is one of the most effective ways to advance the cause of peace and security in the world.

The committee supports the principle of U.S. participation in cooperative international undertakings aimed at the attainment of these goals. At the same time, the committee is conscious of the growing multiplicity and complexity of our international commitments. The committee is of the opinion that, to assure prudent use of public funds, special effort needs to be exerted at this time to streamline and coordinate these various activities and U.S. participation in them. Further, there is an apparent need to start working out closer control systems over budgets, expenditures and pipeline accumulations. The committee was encouraged by evidence received during the hearings that these problems are receiving close attention in the executive branch, and wishes to commend these efforts.

Financing of international organizations and programs

The committee is of the opinion that there is an equally pressing need in some cases to work out more realistic formulas for the financing of international organizations and programs. This includes the question of a further reduction of the U.S. share of the budgets of such activities. In certain instances, U.S. assessments have declined in recent years. Our share of the regular U.N. budget dropped, for instance, from 39 to 32 percent, and of the expanded program of technical assistance and the Special Fund, from 46 to 40 percent. Similarly, U.S. contribution to UNICEF declined from 72 percent of the budget of that program in 1954, to 44 percent in fiscal 1962. Also, U.S. contributions to certain components of the NATO science program, originally pegged at 50 percent, will decline to the level of 33⅓ percent in fiscal 1963, and to 24.2 percent by fiscal 1964. Further progress in this direction is desirable.

The second problem in this field involves the question of arrearages. It is not reasonable to expect the United States and certain other countries which are already bearing a heavy share of the cost of various international undertakings, to continue to take up the slack caused by the delinquencies of other participants. More vigorous action is indicated, in the opinion of the committee, to require those States which are able, but currently fail to discharge their responsibilities, to pay their just obligations. In this respect, more attention should possibly be given to the task of finding a substitute for the every-member canvass to finance some programs in a manner which reflects the enormous disparities in the resources and capacities to contribute financially of the participating nations.

Testimony presented in the course of the hearings held before the committee indicates that these matters are receiving attention in the executive branch. The committee hopes that these efforts will increasingly produce the desired results.

The committee notes with approval section 619 of the act which requires that economic assistance to newly independent countries shall be furnished, to the maximum extent appropriate, through multilateral organizations in accordance with multilateral plans, and with due regard to self-help. The authorization in this chapter (chapter 3) is not intended to preclude the use of development grants and Alliance for Progress funds to encourage and strengthen the participation of multilateral organizations, particularly regional organizations, in programs of assistance which would otherwise have to be carried out on a purely bilateral basis. The committee emphasizes, however, that development grants and Alliance for Progress funds are not to be used simply to supplement funds made available under this chapter, and in particular are not to be used for contributions to any activity which has been included in the request to Congress for authorization and appropriation under chapter 3.

CHAPTER 4—SUPPORTING ASSISTANCE

Section 107—Supporting assistance

Section 107 amends section 402 of the act to authorize $440 million for supporting assistance for the fiscal year 1963. This is a reduction of $41,500,000 below the Executive request for $481,500,000. The appropriation for fiscal 1962 for supporting assistance was $425 million.

Supporting assistance takes the place of the former category of defense support and is made available to certain countries to which the United States finds it necessary to provide economic assistance in order to promote our foreign policy and to protect our security. In contrast with development loans and development grants, supporting assistance is not related primarily to a program for economic development or to requirements for technical assistance. Instead, supporting assistance is made available to 15 countries because those responsible for our foreign policy and our defense believe that it is in the national interest to support their economies.

Countries receiving supporting assistance fall into one of four categories:

(1) Seventy-five percent of the funds requested by the Executive for fiscal 1963 are programed for five countries which are cooperating with us in maintaining military forces for defense against Communist aggression. All five of these countries are on the periphery of the Sino-Soviet empire and are directly faced with the threat of Soviet aggression. All of these countries are maintaining armed forces considerably larger than their limited economic resources will support, and without U.S. assistance to their economies, their military effort would inevitably be curtailed.

(2) Supporting assistance is made available to certain countries because important U.S. bases are located in these countries and it has been necessary for the United States either to make specific commitments of assistance as part of the base rights agreement or otherwise make clear that assistance will be forthcoming in order to guarantee U.S. forces continued access to these bases.

Approximately 7 percent of the Executive request was programed for such countries.

(3) In the case of three countries, supporting assistance is made available to help them maintain their economic life with some semblance of order. Their difficulties stem from recent ruptures of external political and financial relations, internal instability coupled in some instances with administrative incompetence and maladministration, and adverse trends in world markets. For each of these States, the only likely alternative to continued U.S. support is increased unrest and political chaos.

Without economic aid, the economic disintegration of these countries is not only a possibility but the peace and stability of surrounding States would be threatened. About 9 percent of the total estimate is proposed for these countries.

(4) In another group of countries, the primary U.S. objective is to prevent the absorption of weak nations into the Communist bloc through growing economic dependence. Eight percent of the request for supporting assistance has been programed for countries in this category. The governments of these countries have been attempting to pursue neutral or independent policies without political association with either the United States or the Soviet bloc. They are trying to raise their standards of living and are receiving aid from the Soviet Union and Communist China. Acceptance of such aid leads to the introduction of Soviet technicians, widening contacts with the Sino-Soviet bloc and dependence on it for foreign markets. The United States is not attempting to outbid the Communist offers. We try, however, to provide aid for useful projects which the countries regard as particularly important. Our objective is to demonstrate our interest in making a constructive contribution to their program and to provide an alternative to exclusive reliance on Sino-Soviet aid.

Investigations conducted by the Committee on Foreign Affairs have indicated that there has been a hoarding of defense support funds by the agencies administering economic aid in the past. The supporting assistance programs submitted by the Executive for fiscal year 1963 have been reviewed carefully and critically by the committee, and the authorization has been reduced below the Executive request with the expectation that the cut in the funds available for 1963 will make it necessary for the Agency for International Development to locate and make use of funds carried over from previous years which are not immediately required for the purposes for which they have been obligated.

CHAPTER 5—CONTINGENCY FUND

Section 108(a)—Authorization

Section 108(a) amends section 451(a) of the act which relates to the contingency fund by deleting the obsolete authorization for an appropriation for fiscal year 1962 and substituting an authorization for an appropriation of $275 million for the fiscal year 1963. This is a reduction of $125 million below the amount requested.

The contingency fund is designed to provide funds to meet requirements of an unforeseen nature which may arise or which are identified but sufficiently undefined to permit inclusion in one of the other categories.

Congress appropriated $275 million for the contingency fund in fiscal year 1962 and, in addition, reappropriated $9 million of prior

year funds. As of February 28, 1962, virtually all of the available funds provided for contingencies had been programed. For example, in Vietnam the stepped-up activities to fight the Communists created additional import requirements; at the same time rice exports sharply declined because of floods and increased insurgency. As a result, the Vietnamese balance of payments deteriorated and additional commodity import assistance of approximately $50 million had to be programed from the contingency fund. Another important use made of this fund during fiscal year 1962 concerns assistance to the Cuban refugees. Over $25 million was programed for this purpose as authorized by this act pending final action on the separate authorization and appropriation for these activities.

In addition to the various program requirements that has to be met from this reserve fund, there was an amount ($3.6 million) transferred under the authority of section 610 to meet unforeseen administrative costs of the AID ($3 million) and the Department of State ($600,000). The committee is not convinced that all uses of the contingency fund during the current year can be justified as emergency requirements and gave consideration to this situation in reducing the authorization by $125 million below the executive request. The committee also intends to keep the uses proposed to be made of this fund under intensive review as indicated by the change in the reporting requirements contained in section 108(b) below.

The Secretary of State, in testimony on aid matters, simply and effectively described to the committee the tremendous advantage of having this fund for contingencies:

> During the past year, for example, it was a lifesaver to us to have a contingency fund with which we could move promptly as the situation developed in the Dominican Republic, and as the pace of pressures and infiltration stepped up in Vietnam—it was very important to us to have a chance to respond there. When a new Syrian Government came into existence it was possible for us to move promptly in giving them minimum assistance in getting off with a start on their balance-of-payments arrangements.
>
> We do not look upon the contingency fund as an addition to those appropriations which the Congress has limited in one way or another, but a genuine effort to put ourselves in a position to respond promptly to fast-moving situations in different parts of the world.

Section 108(b)—Reports

Section 108(b) amends section 451(c) which relates to the reporting requirements on the uses made of the contingency fund. The committee amended the language to require the President to "provide quarterly reports" to the Congress on the "programing and the obligation" of funds under section 451 in place of the existing requirement to "keep" them "currently informed of" the use of funds under this section. The purpose of this amendment is to identify clearly, by statute, the timing of the reports required to be made. The present requirement of keeping the Congress "currently informed" is unclear. In consideration of the importance connected with these expanded reports and the relative difficulty of their preparation, quarterly reporting was considered by the committee to be the most feasible requirement.

The substitution of the requirement for reporting both the programing and obligations is intended to bring about fuller and more meaningful reports. It is understood that some of these reports may have to be classified because of the information included therein. At the present time formal reporting of contingency fund uses is on an obligation basis. The committee believes, however, that reports which also include information as to the programed amounts that have been approved for various countries or activities out of the contingency fund would be much more useful than those submitted solely on an obligation basis. The committee understands that the reports of "programing" will be of agency-approved programs which may on occasion be changed prior to obligation.

CHAPTER 6—ASSISTANCE TO AGRARIAN ECONOMIES

Section 109—Community development

Section 109 amends section 461 of the Foreign Assistance Act of 1961 which relates to assistance to countries having agrarian economies. The amendment directs that, in such countries, emphasis shall be placed, among other programs, on community development to promote stable and responsible governmental institutions at the local level.

During the past 10 years, through its foreign assistance programs, the United States has spent approximately $50 million in support of community development programs in 30 countries. Almost one-half of this amount was allocated to help launch major programs in India, Pakistan, and the Philippines. Prior to 1955, U.S. assistance for community development emphasized equipment and supplies, such as vehicles for village workers. Since 1955, the emphasis has shifted to providing technicians and participant training in addition to small amounts of supplies and equipment.

Basically, community development approaches the local community as a whole and is directed toward helping the people, on the village level, to participate effectively and with knowledge in shaping the future of their own community and of their nation.

The product of successful community development is not only wells, roads, schools, other community facilities, and new crops; it is, more properly, the development of stable, self-reliant communities with an assured sense of social and political responsibility.

The committee believes that community development can be a dynamic force leading to economic improvement, social advancement, and orderly political growth. The amendment proposed in this section has been approved by the committee in order to encourage greater emphasis on community development in the less-developed nations.

PART II

CHAPTER 2—MILITARY ASSISTANCE

Section 201(a)—Conditions of eligibility

Section 201(a) amends section 506, relating to conditions of eligibility, by adding a new subsection (c) providing that any country which hereafter uses defense articles or defense services furnished such country under this act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance act in violation of any of the

provisions of this chapter or any agreements entered into pursuant to any of these acts shall be immediately ineligible for further assistance under this chapter.

The present act requires that military assistance furnished either through grants or sales shall be solely for the purposes of internal security, legitimate self-defense or the participation in collective arrangements or measures consistent with the United Nations Charter or as requested by the United Nations for maintaining or restoring international peace and security. It also provides for certain conditions of eligibility which include the reaching of agreements as to the use, observation, protection, and disposition of the assistance furnished.

This amendment will provide the positive penalty not now contained in the law for the future violation of the requirements of this chapter or agreements under which the equipment or services are furnished.

The committee believes that such a penalty is necessary and will serve notice on recipient countries who may view these conditions or agreements as having little or no effect. It is not intended that every small disagreement between the United States and recipient countries on the possible deployment of units or uses of equipment would serve to make such country ineligible for further assistance. However, where a country actually undertakes an act of aggression or refuses to allow continuous observation of the equipment, diverts substantial quantities of the items furnished, or otherwise violates the terms of its agreements, further assistance under this chapter would be prohibited by this amendment.

The President's special waiver authority contained in section 614(a) of this act may be used to waive the requirements of this subsection.

Section 201(b)—Sales of defense articles

Section 201(b) amends section 507(a) of the act which relates to sales of defense articles and services by inserting the phrase "not less than" before the word "value" in order to state more clearly the requirements governing the pricing of sales of defense articles and defense services to countries or international organizations.

Under the existing provision, it has been the policy and practice of the United States to sell military articles and services to foreign nations at the same price as such articles and services are charged by the procuring and supplying services of the Department of Defense to the military assistance program, plus, in certain instances, an additional charge for overhead or other costs involved in handling transactions with other countries and international organizations.

This amendment, together with the provisions of section 303(b) of this bill, which makes clear that the definition of "value" contained in section 644(m) of the act applies to both grant assistance and to sales, establishes the minimum price for sales of defense articles as the "value" of such articles as defined in section 644(m) of the act but permits the inclusion in the selling price of certain additional charges to this minimum when appropriate.

Section 201(c)—Commercial sales of defense articles

Section 201(c) amends section 507(b) of the Foreign Assistance Act of 1961 relating to the procurement of defense articles or defense services for sale to any friendly country or international organization.

84860—62——3

Section 507(b) of the act authorizes the President to enter into contracts with suppliers for procuring defense articles and services for sale to foreign countries or international organizations (without charging any appropriation or contract authority) if the purchasing country or international organization provides a dependable undertaking to pay in advance amounts sufficient to meet all payments under such contracts, including damages for breach of contract.

The amendment embodied in section 201(c) of the bill proposes to modify this authority by providing that no sales of unclassified defense articles shall be made to the government of any economically developed nation under the provisions of this subsection unless such articles are not generally available for purchase by such nations from commercial sources in the United States. The Secretary of Defense is given the authority to waive this restriction when he determines that such waiver is in the national interest.

The purpose of section 201(c) is to promote the use, by the governments of the economically developed nations, of private channels of trade in purchasing unclassified defense articles in the United States. The restriction embodied in this amendment does not apply to the sales, by the U.S. Government, of defense articles in the stock of the Department of Defense, defense services provided by Department of Defense personnel, or of excess or surplus defense articles. It relates simply to new procurement. Further, it applies only to sales to the governments of economically developed nations. The committee is of the opinion that, whenever this can be done without impairing our national and collective security arrangements, the governments of such nations ought to use private channels of trade in purchasing unclassified defense articles which are generally available for purchase from commercial sources in the United States.

Section 201(d)—Special authority

Section 201(d) amends section 510 of the act which relates to special authority by extending this authority for an additional fiscal year. Under this authority, the President is authorized to order supplies from existing stocks (not to exceed $300 million) of the Defense Department and defense services to be furnished for military assistance purposes, if he makes a finding that the use of these supplies or services is "vital to the security of the United States."

This special authority has not been utilized since its enactment, and the judgment of the Committee on Foreign Affairs, expressed in its report on the Foreign Assistance Act of 1961 (H. Rept. 851, p. 61), that—

> the authority provided by this section gives the President a means of meeting a military emergency with less likelihood that part or all * * * of the authorization would be drawn upon than would be the case if a dollar contingency fund for military assistance were created—

apparently has been vindicated.

The Secretary of Defense has testified again this year (hearings, p. 75) in response to questioning regarding the use of this authority, "I stated then [last year] and I state now, we will use it only as a last resort."

PART III

CHAPTER 1—GENERAL PROVISIONS

Section 301(a)—Completion of plans and cost estimates

Section 301(a) amends section 611(a) of the act which relates to completion of plans and cost estimates so as to make the provisions of section 611 applicable to assistance furnished under the authority of section 105 of the bill (providing for a new title VI of ch. 2 of pt. I of the act) relating to the Alliance for Progress.

Section 611 of the act requires that, subject to specified exceptions and limitations, engineering and financial plans and reasonably firm cost estimates must be completed and necessary legislative action by the recipient country anticipated within a reasonable period before development loan, development grant, and supporting assistance funds may be obligated. This section of the bill extends this requirement to Alliance for Progress funds.

Section 301(b)—Use of settlement receipts

Subsection (b) of section 301 deletes section 618 of the act relating to economic assistance to Latin America and substitutes a new section 618 concerning the use of repayments to the United States derived from the settlement for postwar economic assistance to Japan.

On January 9, 1962, representatives of the United States and Japan signed an agreement providing for final settlement of all U.S. economic assistance furnished to Japan between September 2, 1945, and April 28, 1952. Under the agreement, Japan is obligated to pay $490 million with 2½-percent interest on the unpaid balance. Beginning 6 months after entry into force of the agreement, payments will be made semiannually over a period of 15 years. The agreement has been approved by the Japanese Diet but implementing legislation must be enacted by the Diet before it can enter into force for Japan.

Of the total, $25 million will be paid in yen and will, subject to appropriations, be used for educational and cultural exchanges between the countries. It is proposed to use the balance for foreign assistance in accordance with a U.S.-Japanese memorandum of understanding of June 10, 1961, and an exchange of notes dated January 9, 1962, in which it was agreed at the request of Japan that the major portion of the repayments would be used for economic assistance to less developed countries, subject to appropriate legislation by the United States.

The proposed new section 618 will permit the United States to meet this agreement by authorizing the appropriation of the repayments for the purpose stated. The sums received from the Japanese Government will not be added to those sums authorized to be appropriated in the Foreign Assistance Act but will be identified as available for appropriation within the amounts authorized by part I of the act.

The substance of the present section 618 is incorporated in the new title VI of chapter 2 of part I, relating to the Alliance for Progress, which would be added by section 105 of the bill.

Section 301(c)—Prohibition against assistance to governments indebted to U.S. citizens

Section 301(c) amends section 620(c) of the Foreign Assistance Act of 1961 which relates to prohibitions against furnishing assistance to governments indebted to American citizens.

Section 620(c) of the act prohibits assistance to the government of any country which is indebted to any U.S. citizen for goods or services furnished when such citizen has exhausted available legal remedies and the debt is not denied or contested by such government.

The amendment proposed in section 301(c) broadens the prohibition by including in the category of debts on account of which aid is to be terminated to a foreign government, indebtedness arising from the ordering of goods and services from American citizens. This change is intended to cover cases involving breach of contract by a foreign government before the goods and services covered by such contract are actually delivered.

Furthermore, the amendment adds a new condition under which U.S. assistance is to be terminated. Under existing law, the American citizen has to exhaust available legal remedies and the foreign government must not deny or contest the debt before the prohibition on the furnishing of assistance becomes operative. This provision will remain in the law. In addition, under the amendment contained in section 301(c), the prohibition will apply when the American citizen has exhausted available legal remedies and the indebtedness of the foreign government arises under an unconditional guaranty of payment given by such government or any predecessor government.

Section 301(d)—Expropriation of property

This subsection adds to section 620 of the act a new provision directing the suspension of U.S. assistance to any country where such country or any governmental agency within such country seizes the ownership or control of property owned by any U.S. citizen, corporation, partnership or other association not less than 50 percent beneficially owned by U.S. citizens, or where such country or agency enforces discriminatory taxes or other exactions or restrictive maintenance or operational conditions which have the effect of seizing ownership or control of U.S. owned property, unless the President determines that suspension of assistance is inconsistent with the national interest or unless the country, within a reasonable time (not more than 6 months), takes appropriate steps to discharge its obligations, including equitable and speedy compensation in convertible foreign exchange, as required by international law, or fails to take steps to provide relief from discrimination. This subsection applies not only to seizure by a national government but also to such action by political subdivisions or any other governmental agencies within a country.

The Committee on Foreign Affairs believes that, unless governments receiving U.S. assistance recognize that expropriation of foreign-owned property without prompt and adequate compensation contradicts and offsets the benefits which are to be derived from external assistance, the objectives of U.S. foreign assistance programs will be frustrated.

Nations should not be regarded as qualifying for U.S. assistance unless they understand the importance of private investment to their economic development and are ready to encourage such investment.

Furthermore, unless governments receiving U.S. assistance regard a certain element of partnership and mutuality as inherent in their acceptance of our aid, it is unlikely that the assistance the United States provides will be effectively used. Seizure of U.S.-owned prop-

erty without prompt compensation for its fair value cannot be regarded as reflecting an attitude of sharing in a common effort and of friendly cooperation. Governments should not accept U.S. assistance unless they desire it sufficiently to do what is necessary to assure its effective use.

The provisions of this subsection are directed to the future rather than to the past. The purpose is to assure that the administrators of the foreign aid program make clear in advance to the recipients of our assistance the policy of the United States toward expropriation and that the nations seeking our aid have an opportunity to give full and deliberate consideration to the significance and implications of any act of seizure of U.S.-owned property prior to embarking on such a course.

After careful consideration of the desirability of cutting aid to nations which have seized U.S.-owned property and have not yet provided adequate compensation, the committee reached the conclusion that action of this nature would not be in the interest of the owners of the seized property. Although this provision has not been made retroactive, the committee calls on the Executive to give top priority to obtaining settlements satisfactory to U.S. property owners in those cases of expropriation which are currently pending.

CHAPTER 2—ADMINISTRATIVE PROVISIONS

Section 302(a)—Exercise of functions

Section 302(a) amends section 621 of the act, relating to the exercise of functions, by deleting subsections (b), (c), (d), and (e) as obsolete. These subsections were necessary to effect the abolition of existing agencies and the transfer of functions at the time that the Agency for International Development was created. All the actions provided for in the deleted subsections have been completed.

Section 302(b)—Statutory officers

Section 302(b) amends section 624 of the act, relating to statutory officers, in several respects:

It deletes subsection (d) and redesignates subsection (e) as subsection (d). The present subsection (d) provides that any persons who, on the date of the act, held certain statutory positions could continue to hold such positions for not to exceed 60 days following the effective date of the act. The period during which these positions could be held has expired and the subsection is obsolete.

It amends paragraph 2(A) of redesignated subsection (d) dealing with the Inspector General, Foreign Assistance. It expands the responsibilities of the Inspector General to include inspections and audits of programs conducted by U.S. Government agencies under the Latin America Development and Chile Reconstruction Act (Public Law 86–735) in addition to programs under part I of the act and of the Peace Corps which are now provided for by paragraph 2(A). This amendment, together with the existing section 624(e)(6) of the act, would empower the Inspector General to suspend, subject to certain limitations, all or any part of any programs under Public Law 86–735 conducted by U.S. Government agencies. These programs are so described in order to avoid a retroactive application to programs now being conducted by the Inter-American Development Bank under the Social Progress Trust Fund Agreement. Programs conducted by

the Bank under that agreement differ from programs conducted by international organizations financed in part from U.S. contributions to such organizations (in which case the Inspector General's jurisdiction covers the contribution of funds to the organization but not the organization's subsequent use of the funds), because the Bank's role under the agreement as a technical matter is more that of an agent carrying out bilateral U.S. assistance programs than of an international organization carrying out its own program to which the United States contributes. The trust fund agreement does not provide for audits by the Inspector General nor does it permit the Inspector General to suspend the operations of the Bank. The present amendment exempts from the jurisdiction of the Inspector General only existing programs now being conducted by the Bank. Any future programs conducted by the Bank under part I of the act would be within the jurisdiction of the Inspector General.

The amendment also makes conforming changes in paragraphs (5) and (7) of redesignated subsection (d). These changes make clear that the Inspector General shall have access to all documents and other material of U.S. Government agencies administering Public Law 86–735 and that his expenses with respect to programs under that act may be charged to appropriations made to carry out such programs.

Section 302(c)—Employment of personnel

Section 302(c) amends section 625 of the act, which relates to personnel, in two respects.

Paragraph (1) amends section 625(b), relating to employment of personnel in the United States, by authorizing an increase in the number of such personnel employed to carry out part I or coordinate part I and part II who may be appointed, compensated or removed without regard to any law, i.e., excepted personnel. The increased number authorized by the amendment is 24. The supergrade provisions of existing law are not affected by this amendment. This paragraph would permit the employment of these additional 24 individuals at grade GS–15 or below by AID. It is the opinion of the committee that this would provide administrative flexibility in filling high level positions with new personnel who have the requisite qualifications.

Paragraph (2) amends section 625(d)(2), which authorizes the use of authority under the Foreign Service Act of 1946 for the purpose of performing functions outside the United States. Under existing law individuals may be initially appointed as Foreign Service Reserve officers only for service outside the United States. Many of those appointed serve as mission chiefs or deputy mission chiefs of the AID agency. Individuals assuming these responsible positions should have a thorough knowledge of the organization and its operations as well as some understanding of the country to which they will be assigned. Private business, in recruiting personnel for oversea assignments, provides a period of on-the-job training at the home office before sending individuals abroad. The amendment authorizes not more than a total of 30 Foreign Service Reserve officers in the AID agency to be assigned initially for duty within the United States for a period not to exceed 2 years for the purpose of preparation for assignments abroad. Flexibility is left the administrator of AID to determine the type of training. It may include desk assignments in the various divisions of the agency or assignment to other operational positions.

Section 302(d)—Status of personnel detailed

Section 302(d) is a conforming amendment.

Section 302(e)—Reporting

Section 302(e) amends section 634(d) of the act. The latter section requires the President to notify Congress of certain actions made in AID programs that resulted in programs substantially different from those presented to Congress during its consideration of the authorization and appropriation bills. Such notification is to be made in January and covers the preceding 12 months, i.e., the calendar year.

The committee amendment changes the reporting period from the preceding calendar year to the preceding fiscal year and requires the report to be filed upon the completion of the fiscal year, i.e., in July. Reporting on a calendar year basis cuts across 2 fiscal years and thus gives an incomplete picture of both years. Gearing the reports to the fiscal year will provide information for a period identical with that of the authorization and appropriation measures.

The new sentence added by the amendment will provide Congress with information about changes made during the current fiscal year. Each year, usually in the spring, Congress considers the authorization and appropriation bills for AID for the following fiscal year. The presentation material shows for each country (1) the actual program for the preceding fiscal year, (2) the current fiscal year program, and (3) the planned program for the next fiscal year. Such information does not include, however, material that shows how the current fiscal year program differs from that presented to Congress in the preceding year. Changes do occur as the result of the reduction in appropriations, shifting priorities and changing local situations. The language added by the committee would require the inclusion in the presentation material of changes listed in the first sentence of amounts and the reasons for the changes. This will permit an easier, but closer, examination of differences between what the Congress was told in the previous year would be done and what is actually being done.

Section 302(f)—General authorities

Section 302(f) amends section 635(h) of the act, relating to general authorities, in two respects. First, it renders the 5-year contracting and agreement authority of subsection (h) applicable to the new title VI of chapter 2 of part I, relating to the Alliance for Progress. Section 635(h) now applies to titles II (development grants) and V (development research) of chapter 2 of part I. Second, the amendment also makes a technical change in the description of funds in section 635(h) from funds "made available" under the specified sections to funds "available" under those sections. This will describe more accurately funds available for development research since such funds are not appropriated separately for that purpose but are authorized to be taken from funds otherwise available under part I of the act.

Section 302(g)—Administrative expenses

Section 302(g) amends section 637 of the act which authorizes an appropriation for the administrative expenses of the Agency for International Development by deleting "1962" and substituting "1963." The effect is to authorize an appropriation of $50 million for these expenses. This is a reduction of $5 million from the Executive request.

CHAPTER 3—MISCELLANEOUS PROVISIONS

Section 303(a)—Saving provisions

Section 303(a) amends section 643 of the existing law, which relates to saving provisions, by striking out subsection (d) as obsolete. Section 643(d) provides that nothing in the Foreign Assistance Act of 1961 shall affect the Peace Corps pending enactment of the Peace Corps Act or adjournment of the 1st session of the 87th Congress, whichever is earlier. The enactment of the Peace Corps Act rendered this saving provision obsolete.

Section 303(b)—Definitions

Section 303(b) amends subsections 644(m) (2) and (3) of the act, which relate to definitions, by deleting the words "as grant assistance" from the definition of the term "value" in order to make it clear that the amount of reimbursement from military assistance program funds to the military departments under section 632(d) of the act for a defense article furnished to the military assistance program by the military departments is the same whether the military assistance program provides the item to a country or international organization on a grant or sales basis.

This amendment, together with the provisions of section 201(a) of this bill, permits the Defense Department to continue its present practice with respect to the pricing of defense articles but sets forth more precisely the pricing requirements.

Section 303(c)—Unexpended balances

Section 303(c) amends section 645 of the existing law, which relates to unexpended balances.

Section 645, as proposed to be amended, is patterned on the former section 548 of the Mutual Security Act of 1954, as amended, and would provide specific authority for the reappropriation of unexpended balances of funds appropriated to carry out the Foreign Assistance Act of 1961.

Section 645 of the Foreign Assistance Act of 1961 provides that unexpended balances of funds appropriated under the Mutual Security Act of 1954, as amended, are authorized to be continued available for the general purposes for which appropriated. It also authorizes consolidation of prior year mutual security balances, and, in addition, the consolidation of such balances with new funds for the same general purpose made available under the act of 1961.

The amendment proposed in section 303(c) would continue this authority and provide similar authorization with respect to unexpended balances of funds made available under the Foreign Assistance Act of 1961. Under this amendment, such balances would be authorized to be continued available. They could be consolidated at any time and, in addition, consolidated with unexpended balances of funds made available under the Mutual Security Act, as amended.

PART IV—AMENDMENTS TO OTHER LAWS

Section 401—Repeal of part IV

Section 401 repeals sections 701 through 710 of the Foreign Assistance Act of 1961, which relate to amendments to other acts, and states

that the "repeal shall not be deemed to affect amendments" made by the repealed sections.

Except for section 710(b) of the Foreign Assistance Act of 1961, section 401 changes the form, but makes no change in the substance, of the existing law. The amendments involved are presently incorporated in other laws. They will continue in force. The repeal of part IV will not affect them in any way.

Section 401 also repeals section 710(b) of the Foreign Assistance Act of 1961 which limits the period during which the amendments made by section 710(a), relating to the Interparliamentary Union, will be effective. The repeal of section 710(b) makes those amendments permanent.

Section 402—Act of August 1, 1956 (basic authority for the Department of State)

Section 402 would authorize the Secretary of State to settle promptly meritorious claims which are from time to time presented to the United States by foreign governments. It would amend the act of August 1, 1956, as amended (5 U.S.C. 170g), relating to basic authority for the Department of State.

Under 5 U.S.C. 170g, and 28 U.S.C. 2672, as amended, the Secretary is permitted to settle claims by payment of sums up to $2,500, whether the claims are presented by a foreign government or citizen. He must, however, seek special legislation each time it is determined that a meritorious claim should be settled above this amount. This can result in delay and have adverse effects upon our relations with the foreign government concerned, particularly when the claim involves injured persons who are in urgent need of assistance.

The proposed amendment is limited to claims presented by foreign governments, on behalf of their citizens, and hence is not as broad as the authority already given to the Armed Forces. The Secretaries of the military departments can pay up to $15,000 in settlement of claims presented directly by inhabitants of foreign countries for losses and damages caused by military activities abroad (Foreign Claims Act of August 10, 1956, 70A Stat. 154; 10 U.S.C. 2734).

The proposed amendment is expressly limited to claims which are not cognizable under other laws or international agreements of the United States, such as the Federal Tort Claims Act, the Tucker Act, and the NATO Status of Forces Agreements. The amendment provides a ceiling of $15,000 or the foreign currency equivalent.

Since 1947, the Secretary of State has recommended and the Congress has enacted three bills authorizing payment of seven claims similar to those envisaged by this amendment. The claims totaled $40,742.65, or an average of $5,820.38 for each claim. It is not anticipated that the number of claims to be settled in the future will be materially greater than those settled in the past. Appropriations to the Department of State to carry out this authority would also be authorized by the provision.

Section 403—Interparliamentary Union

Section 403 amends the first section of the act of June 28, 1935, as amended (22 U.S.C. 276), which authorizes participation by the United States in the Interparliamentary Union.

The amendment provides that not less than two of the principal delegates to each of the conferences of the Interparliamentary Union shall be members of the House Committee on Foreign Affairs, and not less than two of such delegates shall be members of the Senate Committee on Foreign Relations.

It is the sense of the committee that both political parties should be represented in the selection, pursuant to this section, of delegates from the Committee on Foreign Affairs and from the Committee on Foreign Relations.

MINORITY VIEWS

It is an easy assumption that those who oppose foreign aid legislation must logically oppose the concept of mutual security. Nothing could be further from the truth. We recognize that friends and allies are basic to the security of the United States. Our objection to the program is that it has not accomplished the results expected.

Our principal comments and criticisms arise from the inadequacy of the legislative framework within which we are pursuing our national objectives. A year ago it was claimed that a complete reexamination of the Mutual Security Act would result in legislation that would be more responsive to our national needs and considerate of our fiscal situation.

The net result has been disappointing. The new law provided fewer checks upon Executive action than did the old law. Powers were widely delegated to the President. Limitations on the use and the sums of money authorized and appropriated could be waived. Laborious congressional scrutiny has become an exercise in futility and frustration. Country programs justified as necessary, even imperative, have been completely recast.

The contingency fund, the committee has been told, is needed to meet with speed and effectiveness "critical situations that threaten our national interest." We call attention to a few uses to which that fund has been put which indicate that the criteria stated were certainly not the reasons for action.

> *Guinea* * * *.—The Government * * * indicated during the summer of 1961, after the congressional presentation was drafted, an interest in economic relationships with the United States. A program involving several projects was offered and accepted.
>
> *Mali* * * *.—In the summer of 1961, after the congressional presentation was drafted, the Government demonstrated an interest in receiving economic aid from the United States. A program has been developed to meet this opportunity.
>
> *Japan, $533,000.*—The fiscal year 1962 presentation proposed no grant economic aid to Japan. However, the importance of the Japanese labor leader exchange program, administered by the Assistant Secretary of State for Cultural Affairs, dictated its funding for fiscal year 1962.
>
> *Other* (*western Samoa*), *$25,000.*—As a gesture of U.S. interest in western Samoa on its achievement of independence, $25,000 was programed for an Independence Day gift (two bookmobiles).
>
> *Panama, $9,900,000.*—For urgent development projects requested by the Government * * *.

Individual committee members, as well as a committee staff survey team, have made visits overseas within the last year. Their findings are an impressive catalog of poor planning and faulty administration. Nine years ago the undersigned made an extensive trip to study our program abroad. Upon their return they reported that "money is the measure of our interest, not the yardstick of our success." Nothing has happened in the interval to alter that observation.

The achievements of the Marshall plan in Europe are often cited to show what our aid can do. But we would point up the fact that in Europe our program was one of *re*construction. European nations have a similarity to ourselves in culture, commerce, and legal structure. In the rest of the world it is one of construction. The difference is not one of semantics—it is one of philosophy. We can export the products of our society but we cannot readily export the climate in which these products can most effectively be used. Some would argue that the birth pangs of independence will readily give way to new outlooks and the acceptance of new ways and values that will encourage social and economic changes. We would only remind those individuals that most of the countries of Latin America, after 140 years of independence, have made small progress.

One reason for our criticism of the aid program is directed to the order of priorities with which it attempts to deal. Costly impact projects create more problems than they solve through their very magnitude and incompatibility with the local society. The undersigned have supported the Peace Corps because in it they see an effort which is directed to the foundations upon which development can proceed.

The foreign assistance program has become an indiscriminate instrument of our foreign policy. Hard decisions are avoided by soft loans and grants. We have given assistance to Yugoslavia and to Poland—with no perceptible advantage to us. The Netherlands is a NATO partner—but we are busily shoring up Indonesia's military establishment. Portugal is a NATO ally, but we are selling military equipment to India that seized Portuguese Goa. The Arab refugees whom we help to sustain have become political pawns of the Arab governments that we help to maintain. We are supporting the independence of Laos through foreign assistance while we urge a coalition government that will include Communists. The list of incongruous actions carried out in the name of foreign assistance is almost endless.

The unexpended balances of the foreign assistance program are estimated at $6.6 billion at the end of this fiscal year. The majority report states that—

> these unexpended balances are available only to meet obligations already incurred. They are not available to move the program forward through the purchase of additional goods and services.

We do not question the accuracy of these observations. We do, however, ask whether additional goods and services are necessary—certainly in the amounts contained in this bill.

The report of the committee staff survey team, after a visit to three countries and an admittedly hurried review of the "hoarding" of unused funds—

> suggests that there may be substantial hidden reserves available in all countries which are being held either to finance planned operations in future years or to meet future contingencies.

We do not know, and neither do those administering the program, the magnitude of idle money in this program. Is it unreasonable that those responsible for voting taxes ask that we pause long enough to find out how much money can be recaptured?

The fiscal position of our Government is such that we cannot afford to leave unexplored every possible economy. Our national debt is mounting and we are being asked to raise the statutory debt limit to $308 billion. If Congress approves the new limit, it will have raised it three times within the past year by a total of $15 billion.

The balance-of-payments gold deficit is a matter of deep concern. Although the deficit last year was $2.5 billion, the outflow of dollars through the foreign assistance program must be scrutinized for its baneful effect on the national economy. It is small comfort to be told that a large percentage of our aid funds is spent in the United States. It still represents a drain on our national resources. U.S. exporters are already feeling sharpened competition for markets abroad and for the retention of markets at home. Is it not time that our aid program be more carefully integrated with our trade program?

Those of us who have studied the foreign aid program over the years find nothing new in the bill. The annual presentation is marked only by the appearance of new witnesses who repeat the familiar lines of last year's cast. The cost of administering the program mounts each year. But one looks in vain for evidence of firm management, clearer guidelines and vigorous attacks upon maladministration.

The following tables reflect major foreign assistance financing by the United States from 1946 through fiscal year 1961.

Mutual security program countries—Summary by fiscal year and program

U.S. FOREIGN ASSISTANCE—OBLIGATIONS AND LOAN AUTHORIZATIONS

[Millions of dollars]

	U.S. fiscal years														Total
	1946–48	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	
Economic, total	14,054.8	8,113.8	5,104.8	3,662.3	2,469.8	2,612.6	2,419.3	2,726.9	2,676.6	3,318.4	3,002.2	3,634.0	3,409.6	4,551.0	61,513.4
Grants	6,331.3	6,483.6	4,456.2	3,126.8	2,156.8	2,159.1	2,267.5	2,050.3	1,922.7	1,963.9	1,711.0	1,730.8	1,971.9	2,294.1	40,391.2
Loans	7,723.6	1,630.2	648.5	535.5	313.0	453.5	151.8	676.6	753.8	1,354.5	1,291.3	1,903.2	1,437.6	2,256.8	21,122.3
Mutual security economic program, Total		6,283.0	3,614.4	2,626.8	1,980.6	1,958.2	2,227.8	1,862.0	1,549.9	1,664.9	1,641.1	1,927.0	1,887.7	2,081.4	31,062.5
International Cooperation Administration		6,163.3	3,614.0	2,611.8	1,888.1	1,877.5	2,159.0	1,749.0	1,468.7	1,534.0	1,234.0	1,255.0	1,254.0	1,271.9	27,846.2
Technical cooperation/development grants		2.5	13.0	16.5	53.9	67.5	135.1	118.8	133.9	132.8	147.0	166.8	185.6	310.8	1,420.4
Other		6,160.8	3,601.0	2,595.3	1,834.2	1,810.0	2,023.9	1,630.2	1,334.8	1,401.4	1,087.2	1,088.3	1,068.5	961.2	26,425.9
Development loan fund											267.4	564.9	523.8	630.0	1,986.2
Other mutual security program economic		119.7	.4	15.0	92.5	80.7	68.8	113.0	81.1	130.9	139.7	107.1	109.7	179.2	1,229.9
Other economic assistance	14,054.8	1,830.8	1,490.4	1,035.5	489.2	654.4	191.5	864.9	1,126.7	1,653.5	1,361.1	1,707.0	1,521.9	2,469.6	30,450.9
Public Law 480: Title I—Planned for grants and loans								227.1	482.7	771.8	414.4	646.0	890.9	830.1	4,262.5 [1]
104c—Grants for common defense								33.9	97.2	108.7	71.1	35.0	20.0	65.9	431.9 [1]
104d—Grants from triangular transfer								2.9	3.9	26.0	4.8				37.6
104e—Grants for economic development								45.3	51.3	59.0	24.8	101.0	321.0	255.1	857.4
104e—Loans to private industry										1.6	73.5	123.6	92.5	64.7	356.4
104g—Loans to governments								145.0	330.3	576.5	240.3	386.2	457.4	444.4	2,579.3
(Total sales agreements)								(354.3)	(653.4)	(1,003.0)	(722.3)	(867.4)	(1,133.2)	(1,126.3)	(5,859.8)
Title II—Emergency relief [1]								102.1	98.0	98.9	85.4	49.1	59.6	289.7	782.8

Title III—Voluntary relief agencies					82.5	4.2	69.4	194.9	294.4	267.1	287.1	233.4	164.9	227.6	1,825.6
Export-Import Bank long-term loans	2,033.1	148.4	330.5	263.0	111.6	389.2	37.9	331.7	212.1	446.6	558.4	765.6	316.0	1,042 6	6,986.7
Other U.S. economic programs [2]	12,021.7	1,682.4	1,159.9	772.5	295.1	261.0	84.2	9.1	39.5	69.1	15.8	12.9	90.5	79.6	16,593.3
Military, total	481.2	301.3	76.0	980.4	1,481.2	4,272.5	3,411.6	2,508.9	2,978.9	2,134.2	2,404.5	2,160.5	1,844.7	1,432.0	28,997.5
Grants	481.2	301.3	76.0	980.4	1,481.2	4,272.5	3,411.6	2,508.9	2,971.4	2,127.1	2,365.9	2,100.8	1,823.8	1,401.9	28,797.6
Loans									7.5	7.1	38.6	59.7	20.9	30.1	199.9
Mutual security program (charged to appropriation			55.7	980.4	1,481.2	4,158.8	3,295.9	2,395.6	2,927.5	2,085.0	2,363.4	2,110.0	1,718.0	1,374.1	27,475.2
(From excess stocks)			(33.1)	(289.1)	(190.7)	(140.0)	(107.2)	(41.9)	(106.1)	(53.2)	(257.3)	(197.3)	(289.0)	(328.1)	(2,185.8)
Other military assistance	481.2	301.3	20.3			113.7	115.7	113.3	51.4	49.2	41.1	50.5	126.7	57.9	1,522.3
Total economic and military	14,536.0	8,415.1	5,180.8	4,642.7	3,951.0	6,885.1	5,830.9	5,235.8	5,655.5	5,452.6	5,406.7	5,794.5	5,254.3	5,983.0	90,510.9
Mutual security program		6,283.0	3,670.1	3,607.2	3,461.8	6,117.0	5,523.7	4,257.6	4,477.4	3,749.9	4,004.5	4,037.0	3,605.7	3,455.5	58,537.7
Other assistance	14,536.0	2,132.1	1,510.7	1,035.5	489.2	768.1	307.2	978.2	1,178.1	1,702.7	1,402.2	1,757.5	1,648.6	2,527.5	31,973.2

MUTUAL SECURITY PROGRAM EXPENDITURES

Mutual security fund expenditures, total		4,527.8	3,514.6	3,821.7	3,762.9	6,048.1	4,809.1	4,524.9	4,644.4	3,707.9	3,802.6	3,639.1	3,338.0	3,174.1	53,317.5
Economic, total		4,527.8	3,458.9	2,841.3	2,281.7	1,889.3	1,513.2	2,129.3	1,716.9	1,622.9	1,439.2	1,529.1	1,620.0	1,800.2	28,371.9
International cooperation administration		4,434.4	3,442.8	2,822.8	2,198.5	1,809.2	1,444.5	2,032.2	1,643.8	1,533.1	1,320.9	1,333.5	1,307.8	1,365.1	26,690.8
Development loan fund											1.5	66.6	204.4	269.5	542.1
Other mutual security fund economic		93.4	16.1	18.5	83.2	80.1	68.7	97.1	73.1	89.8	116.8	129.0	107.8	165.4	1,139.0
Military			55.7	980.4	1,481.2	4,158.8	3,295.9	2,395.6	2,927.5	2,085.0	2,363.4	2,110.0	1,718.0	1,374.1	24,945.6

[1] In fiscal year 1961, also includes economic development programs.

[2] Includes contributions to international organizations, $1,210.4 million; civilian supplies, $5,051.6 million; British loan, $3,750.0 UNRRA, million; post-UNRRA and interim aid, $3,046.8 million; surplus property credits, $1,429.7 million; Philippines rehabilitation, $634.6 million; civilian relief in Korea, $420.2 million, and other, $1,050 million.

U.S. foreign assistance to mutual security program countries by region and country, cumulative, fiscal year 1946 through fiscal year 1961

[Millions of dollars]

Region and country	Grand total	Total military	Economic assistance												
			Total economic		Mutual security program				Non-mutual security program						
										Public Law 480					
										Title I			Title II emergency relief and economic development	Title III voluntary relief agencies	Export-Import Bank long-term loans	Other non-MSP programs
			Total	Of which loans	Total MSP economic	ICA	DLF	Other MSP economic	Total	Total sales agreements	Planned for— Grants	Planned for— Loans				
Total all countries	90,510.9	28,997.5	61,513.4	21,122.3	31,062.5	27,846.2	1,986.2	1,229.9	30,450.9	(5,859.8)	1,319.3	2,943.3	782.8	1,825.6	6,986.7	16,593.3
Europe	44,097.5	15,475.4	28,622.2	10,503.1	15,218.7	15,001.9	137.0	79.7	13,403.5	(1,603.9)	138.5	631.2	166.3	744.0	2,403.2	9,320.3
Austria	1,170.9		1,170.9	79.1	723.5	723.5			447.4	(40.9)		26.3	24.6	27.3	41.1	328.1
Belgium-Luxembourg	1,984.3	1,243.2	741.1	249.0	558.7	558.7			182.4					.2	150.0	32.2
Denmark	866.4	566.1	300.3	54.3	279.3	279.3			21.0						20.0	1.0
France	9,394.4	4,207.7	5,186.7	1,901.9	3,183.8	3,183.8			2,002.9	(35.6)		7.8		11.9	1,274.1	709.1
Germany (Federal Republic)	4,999.2	951.5	4,047.7	1,243.8	1,470.0	1,470.0			2,577.7	(1.2)			3.4	136.0	10.0	2,428.3
Berlin	131.0		131.0		118.1	114.4		3.7	12.9							12.9
Iceland	69.1		69.1	34.4	59.4	59.4			9.7	(11.6)		9.0			.3	.4
Ireland	146.2		146.2	128.2	146.2	146.2										
Italy (including Trieste)	5,664.8	2,217.7	3,447.1	624.8	1,645.1	1,645.1			1,802.0	(150.3)		104.1	87.4	223.7	215.8	1,171.0
Netherlands	2,449.2	1,220.7	1,228.5	388.8	990.2	987.2	3.0		238.2	(.3)				.1	202.2	36.0
Norway	1,084.7	734.9	349.8	113.4	274.8	274.8			75.0					(1)	50.0	25.0
Poland	514.5		514.5	138.7	61.1	.1		61.0	453.4	(365.3)				11.7	40.0	401.7
Portugal	407.7	328.8	78.9	39.5	49.8	49.8			29.1	(7.1)		3.4		25.7		
Spain	1,631.6	503.0	1,128.6	510.3	564.6	547.6	17.1		564.0	(506.1)	9.9	253.0	3.8	139.7	157.6	
Sweden	108.9		108.9	22.0	106.8	106.8			2.1							2.1
United Kingdom	8,689.0	1,020.8	7,668.2	4,215.4	3,828.9	3,828.9			3,839.3	(48.5)				.3	2.1	3,836.9
Yugoslavia	2,279.9	693.9	1,586.0	521.8	575.6	443.6	117.0	15.0	1,010.4	(437.0)	127.8	227.6	47.1	167.2	105.0	335.7
Regional	2,505.7	1,787.3	718.4	238.0	582.6	582.6			135.8		.8				135.0	

Far East	20,489.4	7,503.0	12,986.4	1,663.1	7,047.7	6,527.3	273.7	246.6	5,938.7	(673.6)	293.1	248.5	72.3	300.5	607.6	4,416.7
Burma	94.2		94.2	59.3	49.5	49.5			44.7	(40.7)	11.0	26.6		2.1		5.0
Cambodia	295.7	76.3	219.4		217.1	217.1			2.3				2.3	(1)		
Cbina, Republic of	4,150.3	2,180.8	1,969.5	315.6	1,330.2	1,096.4	114.1	119.7	639.3	(62.2)	34.0	12.8	2.9	54.1	33.2	502.3
Indochina, undistributed	1,535.2	709.6	825.6		825.6	825.6										
Indonesia	598.9		598.9	353.3	221.7	210.1	11.6		377.2	(168.0)	54.1	85.2		6.7	163.5	67.7
Japan	3,574.6	980.4	2,594.2	324.8	22.0	22.0			2,572.2	(146.3)	.6	105.6	37.0	25.0	205.2	2,198.8
Korea	4,958.0	1,720.7	3,237.3	53.3	2,052.3	1,905.4	25.3	121.6	1,185.0	(215.4)	178.6	3.1	28.4	115.5		859.4
Laos	371.6	107.7	263.9		262.8	262.8			1.1				.8	.3		
Malaya	22.2		22.2	20.0	20.0		20.0		2.2					2.2		
Philippines	1,675.1	390.2	1,284.9	362.0	276.3	236.2	40.2		1,008.6	(13.8)	3.3	5.9		32.9	189.2	777.3
Thailand	649.9	359.2	290.7	68.9	263.8	241.3	22.5		26.9	(4.3)		3.7		.5	16.5	6.2
Vietnam	2,135.3	591.2	1,544.1	95.6	1,465.2	1,425.3	39.9		78.9	(22.9)	11.5	5.6	.7	61.1		
Regional	427.8	386.7	41.1	10.3	41.1	35.7		5.3								
Near East and south Asia	15,307.4	4,841.8	10,465.6	4,475.7	5,668.6	4,463.6	1,202.5	2.5	4,797.0	(2,958.6)	866.1	1,596.3	249.4	466.4	724.4	894.4
Near East	9,686.4	4,183.6	5,502.8	1,769.4	3,502.6	3,084.4	417.6	.4	2,000.2	(809.8)	119.5	471.7	124.7	263.3	425.3	595.7
Cyprus	9.5		9.5		(1)	(1)			9.5				9.5			
Greece	3,225.2	1,487.1	1,738.1	245.2	1,020.1	976.7	43.0	.4	718.0	(86.7)	7.5	53.5	4.1	99.2	17.1	536.7
Iran	1,192.0	528.1	663.9	299.2	515.2	400.3	114.8		148.7	(34.3)	5.8	18.5	15.2	6.8	75.1	27.3
Iraq	66.7	46.1	20.6	.9	17.4	17.4			3.2					2.3		.9
Israel	793.3	1.0	792.3	447.4	374.2	318.2	56.0		418.1	(193.7)	13.3	153.3		53.3	198.1	.1
Jordan	300.4	20.4	280.0	3.7	230.9	227.2	3.7		49.1				35.5	12.3		1.3
Lebanon	88.7	8.6	80.1	10.7	58.3	52.3	5.9		21.8				16.9		3.2	1.7
Saudi Arabia	46.6	(2)	46.6	19.1	27.4	27.4			19.2						14.8	4.4
Syria	54.1		54.1	30.3	8.2		8.2		45.9	(28.2)		22.1	22.1	1.7		
Turkey	3,483.9	2,092.3	1,391.6	485.6	1,134.1	963.3	170.8		257.5	(246.9)	80.9	68.6	12.2	4.5	79.1	12.2
United Arab Republic (Egypt)	384.4		384.4	227.0	84.5	69.3	15.2		299.9	(219.9)	12.0	155.7		83.2	37.9	11.1
Yemen	16.6		16.6		7.3	7.3			9.3				9.3			
CENTO	25.0		25.0		25.0	25 0										
South Asia	4,866.7	2.7	4,864.0	2,686.5	2,085.8	1,301.0	784.8		2,778.2	(2,148.9)	746.5	1,124.7	109.6	199.4	299.1	298.7
Afghanistan	192.5	2.7	179.8	52.2	96.7	96.0	.7		83.1				42.8	.9	39.3	.1
Ceylon	74.1		74.1	23.6	24.1	17.8	6.3		50.0	(25.0)	4.3	14.8	9.3	21.4		
India	3,115.1		3,115.1	2,094.8	1,021.9	475.5	546.4		2,093.2	(1,694.0)	525.3	942.1	5.2	143.7	246.2	230.7
Nepal	44.3		44.3	1.4	23.8	23.4	.4		20.5		15.8	1.0	3.7			
Pakistan	1,450.7	(2)	1,450.7	514.5	919.3	688.3	231.0		531.4	(429.9)	201.1	166.8	48.6	33.4	13.6	67.9
Regional	754.7	655.6	99.1	20.0	80.3	78.2		2.1	18.8				15.2	3.6		

See footnotes at end of table.

U.S. foreign assistance to mutual security program countries by region and country, cumulative, fiscal year 1946 through fiscal year 1961—Con.

[Millions of dollars]

Region and country	Grand total	Total military	Economic assistance												
			Total economic		Mutual security program				Non-mutual security program						
										Public Law 480					
										Title I			Title II emergency relief and economic development	Title III voluntary relief agencies	Export-Import Bank long-term loans	Other non-MSP programs
			Total	Of which loans	Total MSP economic	ICA	DLF	Other MSP economic	Total	Total sales agreements	Planned for— Grants	Planned for— Loans				
Latin America	5,485.5	479.4	5,006.1	3,903.1	823.4	574.2	227.7	21.5	4,182.7	(608.5)	14.0	462.5	39.2	148.5	3,125.2	393.3
Argentina	538.0	15.1	522.6	520.0	33.3	2.5	30.8		489.3	(62.3)		42.9			446.3	.1
Bolivia	222.9	2.2	220.7	40.2	157.2	149.3	7.8	.2	63.5	(3.3)		2.5	17.4	6.6	26.4	10.6
Brazil	1,711.2	175.5	1,535.7	1,440.5	53.5	53.3	.2		1,482.2	(282.9)	14.0	222.9		21.4	1,178.4	45.5
Chile	517.3	53.6	463.7	369.5	76.3	46.9	19.0	10.5	387.4	(71.2)		56.6		42.5	283.1	5.2
Colombia	327.2	37.8	289.4	245.8	40.5	15.5	25.0		248.9	(69.5)		51.0		26.1	169.0	2.8
Costa Rica	78.8	.1	78.7	31.9	20.8	12.0	8.9		57.9				.2	.8	21.0	35.9
Cuba	51.9	10.5	41.4	37.5	2.8	2.8			38.6					.6	37.5	.5
Dominican Republic	8.8	6.1	2.7		2.1	2.1			.6							.6
Ecuador	100.5	23.0	77.5	53.2	39.0	22.3	16.7		38.5	(11.6)		8.5		3.1	23.2	3.7
El Salvador	16.8	.3	16.5	5.3	9.9	8.3	1.6		6.6					1.1	3.7	1.8
Guatemala	150.3	1.7	148.6	33.1	91.0	78.1	12.9		57.6				3.2	1.9	16.7	35.8
Haiti	90.8	4.0	86.8	30.2	49.9	45.1	4.9		36.9				3.5	5.4	25.0	3.0
Honduras	41.5	1.2	40.3	16.4	27.5	19.7	7.8		12.8				.2	2.7	3.5	6.4
Jamaica	6.6		6.6		2.1	2.1			4.6					4.6		
Mexico	630.1	5.8	624.3	509.3	7.9	7.9			616.4	(25.2)		17.7	.2	7.6	491.3	99.6
Nicaragua	54.4	2.1	52.3	23.3	18.3	8.1	10.2		34.0					.2	13.1	20.7
Panama	74.9	.1	74.8	32.0	28.6	20.8	7.8		46.2					5.7	17.2	23.3
Paraguay	50.5	.6	49.9	28.4	31.8	17.0	14.9		18.1	(2.9)		2.1		2.7	10.4	2.9
Peru	376.1	64.4	311.7	256.8	57.2	26.7	30.5		254.5	(33.2)		23.4	14.1	11.0	195.4	10.6
Uruguay	79.2	27.3	51.9	48.5	10.7	1.9	8.8		41.2	(46.4)		34.9		.5	2.6	3.2
Venezuela	195.7	41.5	154.2	151.4	16.3	1.3	15.0		137.9						136.4	1.5
West Indies and Eastern Caribbean	10.3		10.3		8.0	8.0			2.3					2.3		
British Guiana	2.0		2.0		1.4	1.4			.6					.6		
British Honduras	1.6		1.6		.6	.6			1.0				.3	.7		
Surinam	2.9		2.9		2.4	2.4			.5					.5		
Regional	145.5	6.3	139.2	30.0	34.2	[3] 18.4	[3] 5.0	10.8	105.0						25.0	80.0

Africa	1,270.7	81.5	1,189.2	489.8	724.0	583.4	140.6		465.2	(15.3)	7.7	4.6	228.7	36.9	126.5	60.8
Cameroon	2.2		2.2		2.0	2.0			.2					.2		
Central African Republic	(1)		(1)		(1)	(1)										
Chad	.1		.1		.1	.1			(1)					(1)		
Congo (Brazzaville)	.1		.1		.1	.1										
Congo (Leopoldville)	13.3		13.3		2.5	2.5			10.8				10.1	.7		
Dahomey	3.1		3.1		2.0	2.0			1.1					1.1		
Ethiopia	180.4	55.8	124.6	67.4	76.6	46.9	29.6		48.0				8.9	.8	37.4	.9
Gabon	.1		.1		.1	.1			(1)					(1)		
Ghana	26.4		26.4	20.0	24.1	4.1	20.0		2.3				.6	1.7		
Guinea	4.0		4.0		2.3	2.3			1.7				1.7			
Ivory Coast	2.1		2.1		2.1	2.1										
Kenya	7.3		7.3		5.1	5.1			2.2				1.6	.6		
Liberia	115.5	2.4	113.1	85.0	29.4	26.2	3.2		83.7					1.0	74.8	7.9
Libya	179.0	3.7	175.3	8.5	110.7	105.7	5.0		64.6				28.8	6.5		29.4
Malagasy Republic	.5		.5		.5	.5			(1)				(1)	(1)		
Mali, Republic of	3.1	.6	2.5		2.5	2.5										
Mauritania	1.6		1.6	[4] 1.4	1.5	1.5			.1					.1		
Morocco	302.2	(5)	302.2	192.9	208.9	185.9	23.0		93.3				73.7	19.6		
Niger	2.0		2.0		2.0	2.0			(1)					(1)		
Nigeria	19.3		19.3	3.9	18.8	15.0	3.7		.5					.3		.2
Rhodesia and Nyasaland	33.3		33.3	32.4	10.9	10.9			22.4					(1)		22.4
Senegal	3.6		3.6		3.6	3.6										
Sierra Leone	1.0		1.0		.7	.7			.3					.3		
Somali Republic	13.1		13.1	2.0	12.8	10.8	2.0		.3				.3	(1)		
Sudan	51.2		51.2	10.0	51.2	41.2	10.0		(1)					(1)		
Tanganyika	4.4		4.4	1.9	2.5	.6	1.9		1.9				1.7	.2		
Togo	1.9		1.9		1.1	1.1			.8					.8		
Tunisia	254.7	(5)	254.7	51.9	137.4	95.3	42.1		117.3	(15.3)	7.7	4.6	101.2	2.0	1.8	
Uganda	1.0		1.0		.8	.8			.2					.2		
Upper Volta	2.0		2.0		2.0	2.0			(1)					(1)		
Other French communities and possessions	6.0		6.0		6.0	6.0										
Other Portuguese possessions	12.8		12.8	[6] 12.5	.3	.3			12.5						12.5	
Other British territories (sterling area)	.7		.7		.3	.3			.4					.4		
Regional	22.3	19.0	3.3		3.3	3.3										
Nonregional	3,860.4	616.2	3,244.2	87.4	1,580.3	696.1	4.8	879.6	1,663.9				26.8	129.5		1,507.6

[1] Less than $50,000.
[2] Military data classified and included in Near East and south Asia regional total.
[3] Includes Central American Bank formed by El Salvador, Guatemala, Honduras and Nicaragua.
[4] Loan to France for Mauritania.
[5] Military data classified and included in Africa regional total.
[6] Loan to Portugal for Mozambique.

The foregoing tables are taken from the publication titled "U.S. Foreign Assistance and Assistance from International Organizations—Obligations and Authorizations" prepared by the Agency for International Development, Statistics and Reports Division.

MARGUERITE STITT CHURCH.
E. ROSS ADAIR.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

THE FOREIGN ASSISTANCE ACT OF 1961

AN ACT To promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "The Foreign Assistance Act of 1961".

PART I

Chapter 1—Short Title and Policy

Sec. 101. Short Title.—This part may be cited as the "Act for International Development of 1961".

Sec. 102. Statement of Policy.—It is the sense of the Congress that peace depends on wider recognition of the dignity and interdependence of men, and survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom.

To this end, the United States has in the past provided assistance to help strengthen the forces of freedom by aiding peoples of less developed friendly countries of the world to develop their resources and improve their living standards, to realize their aspirations for justice, education, dignity, and respect as individual human beings, and to establish responsible governments.

The Congress declares it to be a primary necessity, opportunity, and responsibility of the United States, and consistent with its traditions and ideals, to renew the spirit which lay behind these past efforts, and to help make a historic demonstration that economic growth and political democracy can go hand in hand to the end that an enlarged community of free, stable, and self-reliant countries can reduce world tensions and insecurity.

It is the policy of the United States to strengthen friendly foreign countries by encouraging the development of their free economic institutions and productive capabilities, and by minimizing or eliminating barriers to the flow of private investment capital.

In addition, the Congress declares that it is the policy of the United States to support the principles of increased economic cooperation and trade among countries, freedom of the press, information, and religion, freedom of navigation in international waterways, and recog-

nition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion. *The Congress further declares that any attempt by foreign nations to make distinctions between American citizens because of race, color, or religion in the granting of personal or commercial access or in the exercise of any other rights available to American citizens, or the use by any foreign nation of assistance made available by the United States to carry out any program or activity of such nation in the course of which discrimination is practiced against any citizen of the United States by reason of his race, color, or religion is repugnant to our principles; and in all negotiations with any foreign nation with respect to any funds appropriated under authority of this Act, these principles shall be applied. The Secretary of State shall report annually on the measures taken to apply the principles stated above.* In the administration of all parts of this Act these principles shall be supported in such a way in our relations with countries friendly to the United States which are in controversy with each other as to promote an adjudication of the issues involved by means of international law procedures available to the parties.

Accordingly, the Congress hereby affirms it to be the policy of the United States to make assistance available, upon request, under this part in scope and on a basis of long-range continuity essential to the creation of an environment in which the energies of the peoples of the world can be devoted to constructive purposes, free of pressure and erosion by the adversaries of freedom. It is the sense of the Congress that assistance under this part should be complemented by the furnishing under any other Act of surplus agricultural commodities and by disposal of excess property under this and other Acts.

Also, the Congress reaffirms its conviction that the peace of the world and the security of the United States are endangered so long as international communism continues to attempt to bring under Communist domination peoples now free and independent and to keep under domination peoples once free but now subject to such domination. It is, therefore, the policy of the United States to continue to make available to other free countries and peoples, upon request, assistance of such nature and in such amounts as the United States deems advisable and as may be effectively used by free countries and peoples to help them maintain their freedom. Assistance shall be based upon sound plans and programs; be directed toward the social as well as economic aspects of economic development; be responsive to the efforts of the recipient countries to mobilize their own resources and help themselves; be cognizant of the external and internal pressures which hamper their growth; and should emphasize long-range development assistance as the primary instrument of such growth.

The Congress reaffirms its belief in the importance of regional organizations of free peoples for mutual assistance, such as the North Atlantic Treaty Organization, the Organization for Economic Cooperation and Development, the European Economic Community, the Organization of American States, the Colombo Plan, the South East Asia Treaty Organization, the Central Treaty Organization, and others, and expresses its hope that such organizations may be strengthened and broadened, and their programs of self-help and mutual cooperation may be made more effective in the protection of the independence and security of free people, and in the development of their economic and social well-being, and the safeguarding of their basic rights and liberties.

Finally, the Congress urges that all other countries able to contribute join in a common undertaking to meet the goals stated in this part.

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

SEC. 201. GENERAL AUTHORITY.—(a) The President shall establish a fund to be known as the "Development Loan Fund" to be used by the President to make loans pursuant to the authority contained in this title.

(b) The President is authorized to make loans payable as to principal and interest in United States dollars on such terms and conditions as he may determine, in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting long-range plans and programs designed to develop economic resources and increase productive capacities. In so doing, the President shall take into account (1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, (4) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives, (5) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures, and (6) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the loan involved. Loans shall be made under this title only upon a finding of reasonable prospects of repayment.

(c) The authority of section 610 may not be used to decrease the funds available under this title, nor may the authority of section 614(a) be used to waive the requirements of this title.

(d) Funds made available for this title shall not be loaned or reloaned at rates of interest excessive or unreasonable for the borrower and in no event higher than the applicable legal rate of interest of the country in which the loan is made.

SEC. 202. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the purposes of this title $1,200,000,000 for the fiscal year 1962 and $1,500,000,000 for each of the next four succeeding fiscal years, which sums shall remain available until expended: *Provided,* That any unappropriated portion of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year during the above period in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal year.

(b) Whenever the President determines that it is important to the advancement of United States interests and necessary in order to further the purposes of this title, and in recognition of the need for reasonable advance assurances in the interest of orderly and effective execution of long-term plans and programs of development assistance,

he is authorized to enter into agreements committing, under the terms and conditions of this title, funds authorized to be appropriated under this title, subject only to the annual appropriation of such funds.

(c) Upon conclusion of each such agreement involving funds to be appropriated, the President shall notify the Foreign Relations and Appropriations Committees of the Senate and the Speaker of the House of Representatives of the provisions of such agreement, including the amounts of funds involved and undertakings of the parties thereto.

(d) Except as otherwise provided in this part, the United States dollar assets of the corporate entity known as the Development Loan Fund which remain unobligated and not committed for loans repayable in foreign currencies on the date prior to the abolition of such Fund shall be available for use for purposes of this title.

SEC. 203. FISCAL PROVISIONS.—All receipts from loans made under and in accordance with this title shall be available for use for the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.

SEC. 204. DEVELOPMENT LOAN COMMITTEE.—The President shall establish an interagency Development Loan Committee, consisting of such officers from such agencies of the United States Government as he may determine, which shall, under the direction of the President, establish standards and criteria for lending operations under this title in accordance with the foreign and financial policies of the United States. Except in the case of officers serving in positions to which they were appointed by the President by and with the advice and consent of the Senate, officers assigned to the Committee shall be so assigned by the President by and with the advice and consent of the Senate.

SEC. 205. USE OF THE FACILITIES OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION.—If the President determines that it would more effectively serve the purposes of this title and the policy contained in section 619 (pertaining to newly independent countries), he may, in accordance with the provisions of this title, lend not to exceed 10 per centum of the funds made available for this title to the International Development Association for use pursuant to the International Development Association Act (Public Law 86–565, 74 Stat. 293) and the articles of agreement of the Association.

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

SEC. 211. GENERAL AUTHORITY.—(a) The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting the development of human resources through such means as programs of technical cooperation and development. In so doing the President shall take into account (1) whether the activity gives reasonable promise of contributing to the development of educational or other institutions and programs directed toward social progress, (2) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range development objectives, (3) the economic and

technical soundness of the activity to be financed, (4) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures and a willingness to pay a fair share of the cost of programs under this title, (5) the possible adverse effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved, and (6) the desirability of safeguarding the international balance of payments position of the United States. If the President finds that assistance proposed to be furnished under this title would have a substantially adverse effect upon the United States economy, or a substantial segment thereof, the assistance shall not be furnished.

(b) In countries and areas which are in the earlier stages of economic development, programs of development of education and human resources through such means as technical cooperation shall be emphasized, and the furnishing of capital facilities for purposes other than the development of education and human resources shall be given a lower priority until the requisite knowledge and skills have been developed.

(c) *Not to exceed $1,000,000 of the funds made available for the purposes of this section in any fiscal year may be used for programs designed to promote the peaceful uses of atomic energy outside the United States and such programs may be carried out only in accordance with the requirements of this section.*

SEC. 212. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in fiscal year [1962] *1963* to carry out the purposes of section 211 not to exceed [$380,000,000] *$300,000,000*, which shall remain available until expended.

[SEC. 213. ATOMS FOR PEACE.—The President is authorized to use, in addition to other funds available for such purposes, not to exceed $2,000,000 of the funds available for the purposes of section 211 for assistance, on such terms and conditions as he may determine, designed to promote the peaceful uses of atomic energy outside the United States.]

SEC. 214. AMERICAN SCHOOLS AND HOSPITALS ABROAD.—(a) The President is authorized to use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for assistance, on such terms and conditions as he may specify, to schools and libraries outside the United States founded or sponsored by United States citizens and serving as study and demonstration centers for ideas and practices of the United States.

(b) The President is authorized to use, notwithstanding the provisions of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), foreign currencies accruing to the United States Government under any Act, for purposes of subsection (a) of this section, and for assistance, on such terms and conditions as he may specify, to hospitals outside the United States founded or sponsored by United States citizens and serving as centers for medical treatment, education, and research.

SEC. 215. LOANS TO SMALL FARMERS.—It is the policy of the United States and the purpose of this section to strengthen the economies of less developed friendly countries, and in friendly countries where the economy is essentially rural or based on small villages, to provide assistance designed to improve agricultural methods and techniques, to

stimulate and encourage the development of local programs of self-help and mutual cooperation, particularly through loans of foreign currencies for associations of operators of small farms, formed for the purpose of joint action designed to increase or diversify agricultural productivity. The maximum unpaid balance of loans made to any association under this section may not exceed $25,000 at any one time; and the aggregate unpaid balance of all loans made under this section may not exceed $10,000,000 at any one time.

SEC. 216. VOLUNTARY AGENCIES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation of friendly peoples, the President is authorized to use funds made available for the purposes of section 211 to pay transportation charges from United States ports to ports of entry abroad, or, in the case of landlocked countries, to points of entry in such countries, on shipments by the American Red Cross and United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid.

(b) Where practicable the President shall make arrangements with the receiving country for free entry of such shipments and for the making available by that country of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving country to the designated shipping point of the consignee.

TITLE III—INVESTMENT GUARANTIES

SEC. 221. GENERAL AUTHORITY.—(a) In order to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of less developed friendly countries and areas, the President is authorized to issue guaranties as provided in subsection (b) of this section of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any friendly country or area with the government of which the President has agreed to institute the guaranty program. The guaranty program authorized by this title shall be administered under broad criteria, and each project shall be approved by the President.

(b) The President may issue guaranties to United States citizens, or corporations, partnerships, or other associations created under the laws of the United States or of any State or territory and substantially beneficially owned by United States citizens, as well as any wholly owned foreign subsidiary of any such corporation—

(1) assuring protection in whole or in part against any or all of the following risks:

(A) inability to convert into United States dollars other currencies, or credits in such currencies, received as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof,

(B) loss of investment, in whole or in part, in the approved project due to expropriation or confiscation by action of a foreign government, and

(C) loss due to war, revolution, or insurrection:

Provided, That the total face amount of the guaranties issued under this paragraph (1) outstanding at any one time shall not exceed [$1,000,000,000] *$1,300,000,000;* and

(2) where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss [of not to exceed 75 per centum of any investment] *in whole or in part of any loan investment for housing projects or assuring against loss of not to exceed 75 per centum of any other investment*, due to such risks as the President may determine, upon such terms and conditions as the President may determine: *Provided*, That guaranties issued under this paragraph (2) shall emphasize economic development projects furthering social progress and the development of small independent business enterprises, and no such guaranty shall exceed $10,000,000: *Provided further*, That no payment may be made under this paragraph (2) for any loss arising out of fraud or misconduct for which the investor is responsible: *Provided further*, That the total face amount of the guaranties issued under this paragraph (2) outstanding at any one time shall not exceed [$90,000,000] *$180,000,000*: *Provided further*, That this authority shall continue until June 30, 1964.

(c) No guaranty shall exceed the dollar value, as of the date of the investment, of the investment made in the project with the approval of the President plus actual earnings or profits on said investment to the extent provided by such guaranty, nor shall any guaranty extend beyond twenty years from the date of issuance.

(d) The President shall make suitable arrangements for protecting the interests of the United States Government in connection with any guaranty issued under section 221(b), including arrangements with respect to the ownership, use, and disposition of the currency, credits, assets, or investment on account of which payment under such guaranty is to be made, and any right, title, claim, or cause of action existing in connection therewith.

SEC. 222. GENERAL PROVISIONS.—(a) A fee shall be charged for each guaranty in an amount to be determined by the President. In the event the fee to be charged for a type of guaranty authorized under section 221(b) is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced.

(b) All fees collected in connection with guaranties issued under section 221(b), under sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and under section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1509(b)(3)) (exclusive of fees for informational media guaranties heretofore or hereafter issued pursuant to section 1011 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442), and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended), shall be available for meeting management and custodial costs incurred with respect to currencies or other assets acquired under guaranties made pursuant to section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and shall be available for expenditure in discharge of liabilities under guaranties made pursuant to such sections, until such time as all such property has been disposed of and all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section.

(c) In computing the total face amount of guaranties outstanding at any one time for purposes of paragraph (1) of section 221(b), the President shall include the face amounts of outstanding guaranties theretofore issued pursuant to such paragraph, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended, but shall exclude informational media guaranties.

(d) Any payments made to discharge liabilities under guaranties issued under section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of funds specifically reserved for such payment pursuant to the proviso to the second sentence of section 222(e), and thereafter shall be paid out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any such guaranties as long as such funds are available, and finally shall be paid out of funds realized from the sale of notes issued under section 413(b)(4)(F) of the Mutual Security Act of 1954, as amended, and section 111(c)(2) of the Economic Cooperation Act of 1948, as [amended] *amended, and out of funds made available pursuant to this title.*

(e) All guaranties issued prior to July 1, 1956 (exclusive of informational media guaranties), all guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended, may be considered, and all other guaranties shall be considered for the purposes of section 3679 (31 U.S.C. 665) and section 3732 (41 U.S.C. 11) of the Revised Statutes, as amended, as obligations only to the extent of the probable ultimate net cost to the United States Government of all outstanding guaranties. Funds obligated in connection with guaranties issued under section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall constitute a single reserve, together with funds available for obligation hereunder but not yet obligated, for the payment of claims under all guaranties issued under such sections: *Provided*, That funds obligated in connection with guaranties issued prior to July 1, 1956, and guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended, shall not, without the consent of the investor, be available for the payment of claims arising under any other guaranties. Funds available for obligation hereunder shall be decreased by the amount of any payments made to discharge liabilities, or to meet management and custodial costs incurred with respect to assets acquired, under guaranties issued pursuant to section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and shall be increased by the amount obligated for guaranties as to which all liability of the United States Government has been terminated, and by the amount of funds realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities, and the

amount of fees collected, under guaranties issued pursuant to such sections (exclusive of informational media guaranties).

(f) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1963 to carry out the purposes of this title not to exceed $100,000,000 which shall remain available until expended.

SEC. 223. DEFINITIONS.—As used in this title—

(a) the term "investment" includes any contribution of capital commodities, services, patents, processes, or techniques in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital commodities and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made; and

(b) the term "expropriation" includes but is not limited to any abrogation, repudiation, or impairment by a foreign government of its own contract with an investor, where such abrogation, repudiation, or impairment is not caused by the investor's own fault or misconduct, and materially adversely affects the continued operation of the project.

SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—(a) It is the sense of the Congress that in order to stimulate private homeownership and assist in the development of stable economies, the authority conferred by this title should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects designed to provide experience in rapidly developing countries by participating with such countries in guaranteeing private United States capital available for investment in Latin American countries for the purposes set forth herein.

(b) In order to carry out the purposes set forth in subsection (a), the President is authorized to issue guaranties assuring against the risks of loss specified in paragraph 221(b)(2) of investments made by United States citizens, or corporations, partnerships, or other associations created under the law of the United States or of any State or territory and substantially beneficially owned by United States citizens in pilot or demonstration private housing projects in Latin America of types similar to those insured by the Federal Housing Administration and suitable for conditions in Latin America. The total face amount of guaranties issued under this section outstanding at any one time shall not exceed [$10,000,000] *$60,000,000.*

(c) The provisions of section 222(a), (b), (d), [and (e)] *(e), and (f)* shall be applicable to guaranties issued under this section in the same manner and to the same extent as they apply to guaranties issued under section 221(b)(2).

TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

SEC. 231. GENERAL AUTHORITY.—(a) In order to encourage and promote the undertaking by private enterprise of surveys of investment opportunities, other than surveys of extraction opportunities, in less developed friendly countries and areas, the President is authorized to participate in the financing of such surveys undertaken by

any person on such terms and conditions as he may determine: *Provided,* That his participation shall not exceed 50 per centum of the total cost of any such survey. The making of each such survey shall be approved by the President.

(b) In the event that a person who has undertaken a survey in accordance with this title determines, within a period of time to be determined by the President, not to undertake, directly or indirectly, the investment opportunity surveyed, such person shall turn over to the President a professionally acceptable technical report with respect to all matters explored. Such report shall become the property of the United States Government, and the United States Government shall be entitled to have access to, and obtain copies of, all underlying correspondence, memorandums, working papers, documents, and other materials in connection with the survey.

SEC. 232. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year [1962] *1963* to carry out the purposes of this title not to exceed [$5,000,000] *$1,500,000,* which shall remain available until expended.

SEC. 233. DEFINITIONS.—As used in this title—

(a) the term "person" means a citizen of the United States or any corporation, partnership, or other association substantially beneficially owned by United States citizens; and

(b) the term "survey of extraction opportunities" means any survey directed (i) to ascertaining the existence, location, extent, or quality of any deposit of ore, oil, gas, or other mineral, or (ii) to determining the feasibility of undertaking operations for the mining or other extraction of any such mineral or for the processing of any such mineral to the stage of commercial marketability.

TITLE V—DEVELOPMENT RESEARCH

SEC. 241. GENERAL AUTHORITY.—The President is authorized to use funds made available for this part to carry out programs of research into, and evaluation of, the process of economic development in less developed friendly countries and areas, into the factors affecting the relative success and costs of development activities, and into the means, techniques, and such other aspects of development assistance as he may determine, in order to render such assistance of increasing value and benefit.

TITLE VI—ALLIANCE FOR PROGRESS

SEC. 251. GENERAL AUTHORITY.—(a) It is the sense of the Congress that the historic, economic, political, and geographic relationships among the American peoples and Republics are unique and of special significance and that the Alliance for Progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relationships among them. It is further the sense of Congress that vigorous measures by the countries and areas of Latin America to mobilize their own resources for economic development and to adopt reform measures to spread the benefits of economic progress among the people are essential to the success of the Alliance for Progress and to continued significant United States assistance thereunder. The President is authorized to

furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

(b) Assistance furnished under this title shall be directed toward the development of human as well as economic resources. In furnishing assistance under this title, the President shall take into account (1) the principles of the Act of Bogotá and the Charter of Punta del Este and, in particular, the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives; and (4) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved. In making loans under this title from funds which are required to be used for loans payable as to principal and interest in United States dollars, the President shall take into account, in addition to the considerations named in the preceding sentence, whether financing could be obtained in whole or in part from other free world sources on reasonable terms. The provisions of sections 201 (d), 202(b), 202(c), and 204 shall be applicable to such loans, and they shall be made only upon a finding of reasonable prospects of repayment.

(c) The authority of section 614(a) may not be used to waive the requirements of this title with respect to funds made available for this title which are required to be used for loans payable as to principal and interest in United States dollars, and the authority of section 610 may be used to transfer such funds only to funds made available for title I of chapter 2 of part I.

(d) In order to carry out the policies of this Act and the purpose of this title, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to insuring a wider and more equitable distribution of the ownership of land.

Sec. 252. Authorization.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, for use beginning in each of the fiscal years 1963 through 1966, not to exceed $600,000,000 for each such fiscal year which sums are authorized to remain available until expended and which, except for not to exceed $100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1963, shall be available only for loans payable as to principal and interest in United States dollars. In presenting requests to the Congress for authorizations for appropriations for fiscal years 1964 through 1966 to carry out other programs under this Act, the President shall also present the program proposed to be carried out from funds appropriated pursuant to the authorization contained in this section for the respective fiscal year.

Sec. 253. Fiscal Provisions.—All receipts in United States dollars from loans made under this title and from loans made for the benefit of countries and areas of Latin America under title I of chapter 2 of part I of this Act, notwithstanding section 203, shall be available for use for loans payable as to principal and interest in United States dollars in furtherance of the purposes of this title. Such receipts and other funds

made available under this title for use for the purposes of this title shall remain available until expended.

Chapter 3—International Organizations and Programs

Sec. 301. General Authority.—(a) When he determines it to be in the national interest, the President is authorized to make voluntary contributions on a grant basis to international organizations and to programs administered by such organizations on such terms and conditions as he may determine, in order to further the purposes of this part.

(b) Contributions to the United Nations Expanded Program of Technical Assistance and the United Nations Special Fund for the calendar years succeeding 1961 may not exceed forty per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each such year.

(c) In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East through contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the President shall take into account (1) whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees, and (2) the extent and success of efforts by the Agency and the Arab host governments to rectify the Palestine refugee relief rolls.

Sec. 302. Authorization.—There is hereby authorized to be appropriated to the President for use, in addition to funds available under any other Act for such purposes, for the fiscal year [1962] *1963* to carry out the purposes of this chapter not to exceed [$153,500,000] *$148,900,000.*

Sec. 303. Indus Basin Development.—In the event that funds made available under this Act (other than part II) are used by or under the supervision of the International Bank for Reconstruction and Development in furtherance of the development of the Indus Basin through the program of cooperation among South Asian and other countries of the free world, which is designed to promote economic growth and political stability in South Asia, such funds may be used in accordance with requirements, standards, or procedures established by the Bank concerning completion of plans and cost estimates and determination of feasibility, rather than with requirements, standards, or procedures concerning such matters set forth in this or other Acts; and such funds may also be used without regard to the provisions of section 901(b) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1241), whenever the President determines that such provisions cannot be fully satisfied without seriously impeding or preventing accomplishment of the purposes of such programs: *Provided,* That compensating allowances are made in the administration of other programs to the same or other areas to which the requirements of said section 901(b) are applicable.

Chapter 4—Supporting Assistance

Sec. 401. General Authority.—The President is authorized to furnish assistance to friendly countries, organizations, and bodies eligible to receive assistance under this part on such terms and con-

litions as he may determine, in order to support or promote economic or political stability.

SEC. 402. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year [1962] *1963* to carry out the purposes of this chapter not to exceed [$465,000,000] *$440,000,000*, which shall remain available until expended.

CHAPTER 5—CONTINGENCY FUND

SEC. 451. CONTINGENCY FUND.—(a) There is hereby authorized to be appropriated to the President for the fiscal year [1962] *1963* not to exceed [$300,000,000] *$275,000,000* for use by the President for assistance authorized by part I in accordance with the provisions applicable to the furnishing of such assistance, when he determines such use to be important to the national interest.

(b) The President shall [keep] *provide quarterly reports to* the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives [currently informed of the use] *on the programing and the obligation* of funds under this section.

CHAPTER 6—ASSISTANCE TO COUNTRIES HAVING AGRARIAN ECONOMIES

SEC. 461. ASSISTANCE TO COUNTRIES HAVING AGRARIAN ECONOMIES.—Wherever the President determines that the economy of any country is in major part an agrarian economy, emphasis shall be placed on programs which reach the people in such country who are engaged in agrarian pursuits or who live in the villages or rural areas in such country, including programs which will assist them in the establishment of indigenous cottage industries, in the improvement of agricultural methods and techniques, and which will encourage the development of local programs of self-help and mutual cooperation. *In such country emphasis shall be placed also upon programs of community development which will promote stable and responsible governmental institutions at the local level.*

PART II

CHAPTER 1—SHORT TITLE AND POLICY

SEC. 501. SHORT TITLE.—This part may be cited as the "International Peace and Security Act of 1961".

SEC. 502. STATEMENT OF POLICY.—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except for individual or collective self-defense. The Congress hereby finds that the efforts of the United States and other friendly countries to promote peace and security continue to require measures of support based upon the principle of effective self-help and mutual aid. It is the purpose of this part to authorize measures in the common defense against internal and external aggression, including the furnishing of military assistance, upon request, to friendly countries and international organizations. In furnishing such military assistance, it remains the policy of the United States to continue to

exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying countries against violation and evasion.

The Congress recognizes that the peace of the world and the security of the United States are endangered so long as international communism and the countries it controls continue by threat of military action, by the use of economic pressure, and by internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and countries once free but now subject to such domination.

It is the sense of the Congress that an important contribution toward peace would be made by the establishment under the Organization of American States of an international military force.

In enacting this legislation, it is therefore the intention of the Congress to promote the peace of the world and the foreign policy, security, and general welfare of the United States by fostering an improved climate of political independence and individual liberty, improving the ability of friendly countries and international organizations to deter or, if necessary, defeat Communist or Communist-supported aggression, facilitating arrangements for individual and collective security, assisting friendly countries to maintain internal security, and creating an environment of security and stability in the developing friendly countries essential to their more rapid social, economic, and political progress. The Congress urges that all other countries able to contribute join in a common undertaking to meet the goals stated in this part.

Finally, the Congress reaffirms its full support of the progress of the members of the North Atlantic Treaty Organization toward increased cooperation in political, military, and economic affairs. In particular, the Congress welcomes the steps which have been taken to promote multilateral programs of coordinated procurement, research, development, and production of defense articles and urges that such programs be expanded to the fullest extent possible to further the defense of the North Atlantic Area.

Chapter 2—Military Assistance

Sec. 503. General Authority.—The President is authorized to furnish military assistance on such terms and conditions as he may determine, to any friendly country or international organization, the assisting of which the President finds will strengthen the security of the United States and promote world peace and which is otherwise eligible to receive such assistance, by—

(a) acquiring from any source and providing (by loan, lease, sale, exchange, grant, or any other means) any defense article or defense service;

(b) making financial contributions to multilateral programs for the acquisition or construction of facilities in foreign countries for collective defense;

(c) providing financial assistance for expenses incident to participation by the United States Government in regional or collective defense organizations; and

(d) assigning or detailing members of the Armed Forces of the United States and other personnel of the Department of Defense to perform duties of a noncombatant nature, including those related to training or advice.

SEC. 504. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal years 1962 and 1963 to carry out the purposes of this part, not to exceed $1,700,000,000 for each such fiscal year, which sums shall remain available until expended.

(b) In order to make sure that a dollar spent on military assistance to foreign countries is as necessary as a dollar spent for the United States military establishment, the President shall establish procedures for programing and budgeting so that programs of military assistance come into direct competition for financial support with other activities and programs of the Department of Defense.

SEC. 505. UTILIZATION OF ASSISTANCE.—(a) Military assistance to any country shall be furnished solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security.

(b) To the extent feasible and consistent with the other purposes of this part, the use of military forces in less developed friendly countries in the construction of public works and other activities helpful to economic development shall be encouraged.

SEC. 506. CONDITIONS OF ELIGIBILITY.—(a) In addition to such other provisions as the President may require, no defense articles shall be furnished to any country on a grant basis unless it shall have agreed that—

(1) it will not, without the consent of the President—

(A) permit any use of such articles by anyone not an officer, employee, or agent of that country,

(B) transfer, or permit any officer, employee, or agent of that country to transfer such articles by gift, sale, or otherwise, or

(C) use or permit the use of such articles for purposes other than those for which furnished;

(2) it will maintain the security of such articles, and will provide substantially the same degree of security protection afforded to such articles by the United States Government;

(3) it will, as the President may require, permit continuous observation and review by, and furnish necessary information to, representatives of the United States Government with regard to the use of such articles; and

(4) unless the President consents to other disposition, it will return to the United States Government for such use or disposition as the President considers in the best interests of the United States, such articles which are no longer needed for the purposes for which furnished.

(b) No defense articles shall be furnished on a grant basis to any country at a cost in excess of $3,000,000 in any fiscal year unless the President determines—

(1) that such country conforms to the purposes and principles of the Charter of the United Nations;

(2) that such defense articles will be utilized by such country for the maintenance of its own defensive strength, and the defensive strength of the free world;

(3) that such country is taking all reasonable measures, consistent with its political and economic stability, which may be needed to develop its defense capacities; and

(4) that the increased ability of such country to defend itself is important to the security of the United States.

(c) Any country which hereafter uses defense articles or defense services furnished such country under this Act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance Act where such use is in violation of the provisions of this chapter or any agreements entered into pursuant to any of such Acts shall be immediately ineligible for further assistance.

SEC. 507. SALES.—(a) The President may furnish defense articles from the stocks of the Department of Defense and defense services to any friendly country or international organization, without reimbursement from funds made available for use under this part, if such country or international organization agrees to pay *not less than* the value thereof in United States dollars. Payment shall be made in advance or, as determined by the President to be in the best interests of the United States, within a reasonable period not to exceed three years after the delivery of the defense articles, or the provision of the defense services. For the purposes of this subsection, the value of excess defense articles shall be not less than (1) the value specified in section 644(m)(1) plus the scrap value, or (2) the market value, if ascertainable, whichever is the greater.

(b) The President may, without requirement for charge to any appropriation or contract authorization otherwise provided, enter into contracts for the procurement of defense articles or defense services for sale to any friendly country or international organization if such country or international organization provides the United States Government with a dependable undertaking (1) to pay the full amount of such contract which will assure the United States Government against any loss on the contract, and (2) to make funds available in such amounts and at such times as may be required to meet the payments required by the contract, and any damages and costs that may accrue from the cancellation of such contract, in advance of the time such payments, damages, or costs are due. *No sales of unclassified defense articles shall be made to the government of any economically developed nation under the provisions of this subsection unless such articles are not generally available for purchase by such nations from commercial sources in the United States: Provided, however, That the Secretary of Defense may waive the provisions of this sentence when he determines that the waiver of such provisions is in the national interest.*

SEC. 508. REIMBURSEMENTS.—Whenever funds made available for use under this part are used to furnish military assistance on cash or credit terms, United States dollar repayments, including dollar proceeds derived from the sale of foreign currency repayments to any

agency or program of the United States Government, shall be credited to the current applicable appropriation, and shall be available until expended solely for the purpose of furnishing further military assistance on cash or credit terms, and, notwithstanding any provision of law relating to receipts and credits accruing to the United States Government, repayments in foreign currency may be used to carry out this part.

SEC. 509. EXCHANGES.—Defense articles or defense services transferred to the United States Government by a country or international organization as payment for assistance furnished under this part may be used to carry out this part, or may be disposed of or transferred to any agency of the United States Government for stockpiling or other purposes. If such disposal or transfer is made subject to reimbursement, the funds so received shall be credited to the appropriation, fund, or account funding the cost of the assistance furnished or to any appropriation, fund, or account currently available for the same general purpose.

SEC. 510. SPECIAL AUTHORITY.—(a) During the fiscal year [1962] *1963*, the President may, if he determines it to be vital to the security of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in the fiscal year [1962] *1963* shall not exceed $300,000,000. Prompt notice of action taken under this subsection shall be given to the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Speaker of the House of Representatives.

(b) The Department of Defense is authorized to incur, in applicable appropriations, obligations in anticipation of reimbursements in amounts equivalent to the value of such orders under subsection (a) of this section. Appropriations to the President of such sums as may be necessary to reimburse the applicable appropriation, fund, or account for such orders are hereby authorized.

SEC. 511. RESTRICTIONS ON MILITARY AID TO LATIN AMERICA.—(a) The value of grant programs of defense articles for American Republics, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with the fiscal year 1962, shall not exceed $57,500,000: *Provided,* That an amount equal to the amount by which the foregoing ceiling reduces the program as presented to the Congress for the fiscal year 1962 shall be transferred to and consolidated with the appropriation made pursuant to section 212 and shall be used for development grants in American Republics.

(b) Internal security requirements shall not, unless the President determines otherwise and promptly reports such determination to the Senate Committee on Foreign Relations and to the Speaker of the House of Representatives, be the basis for military assistance programs for American Republics.

PART III

CHAPTER 1—GENERAL PROVISIONS

SEC. 601. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress of the United States recognizes

the vital role of free enterprise in achieving rising levels of production and standards of living essential to economic progress and development. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other countries to increase the flow of international trade, to foster private initiative and competition, to encourage the development and use of cooperatives, credit unions, and savings and loan associations, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture, and commerce, and to strengthen free labor unions; and to encourage the contributions of United States enterprise toward economic strength of less developed friendly countries, through private trade and investment abroad, private participation in programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this subsection.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President shall—

(1) make arrangements to find, and draw the attention of private enterprise to, opportunities for investment and development in less-developed friendly countries and areas;

(2) accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to, and its equitable treatment in, friendly countries and areas participating in programs under this Act;

(3) seek, consistent with the national interest, compliance by other countries or areas with all treaties for commerce and trade and taxes, and take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or area thereof in violation of any such treaty; and

(4) wherever appropriate carry out programs of assistance through private channels and to the extent practicable in conjunction with local private or governmental participation, including loans under the authority of section 201 to any individual, corporation, or other body of persons.

SEC. 602. SMALL BUSINESS.—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities, defense articles, and services (including defense services) financed with funds made available under this Act—

(1) by causing to be made available to suppliers in the United States, and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds;

(2) by causing to be made available to prospective purchasers in the countries and areas receiving assistance under this Act information as to such commodities, articles, and services produced by small independent enterprises in the United States; and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of such commodities, articles, and services financed with such funds.

(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such agency of the United States Government as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to part II, such information to be furnished as far in advance as possible.

SEC. 603. SHIPPING ON UNITED STATES VESSELS.—The ocean transportation between foreign countries of commodities and defense articles purchased with foreign currencies made available or derived from funds made available under this Act or the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and transfers of fresh fruit and products thereof under this Act, shall not be governed by the provisions of section 901(b) of the Merchant Marine Act of 1936, as amended (46 U.S.C. 1241), or any other law relating to the ocean transportation of commodities on United States flag vessels.

SEC. 604. PROCUREMENT.—(a) Funds made available under this Act may be used for procurement outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy of the United States or the industrial mobilization base, with special reference to any areas of labor surplus or to the net position of the United States in its balance of payments with the rest of the world, which outweigh the economic or other advantages to the United States of less costly procurement outside the United States, and only if the price of any commodity procured in bulk is lower than the market price prevailing in the United States at the time of procurement, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

(b) No funds made available under this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of purchase, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

(c) In providing for the procurement of any surplus agricultural commodity for transfer by grant under this Act to any recipient country in accordance with its requirements, the President shall, insofar as practicable and when in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that such surplus agricultural commodity is not available in the United States in sufficient quantities to supply emergency requirements of recipients under this Act.

(d) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided,* That in the

event a partieipating eountry, by statute, decree, rule, or regulation, diseriminates against any marine insuranee eompany authorized to do business in any State of the United States, then eommodities purehased with funds provided hereunder and destined for sueh country shall be insured in the United States against marine risk with a eompany or eompanies authorized to do a marine insuranee business in any State of the United States.

SEC. 605. RETENTION AND USE OF ITEMS.—(a) Any commodities and defense artieles proeured to earry out this Aet shall be retained by, or upon reimbursement, transferred to, and for the use of, sueh agency of the United States Government as the President may determine in lieu of being disposed of to a foreign country or international organization, whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever sueh retention is ealled for by eoncurrent resolution. Any commodities or defense artieles so retained may be disposed of without regard to provisions of law relating to the disposal of property owned by the United States Government, when necessary to prevent spoilage or wastage of sueh eommodities or defense artieles or to conserve the usefulness thereof. Funds realized from any disposal or transfer shall revert to the respeetive appropriation, fund, or account used to proeure sueh eommodities or defense articles or to the appropriation, fund, or aeeount eurrently available for the same general purpose.

(b) Whenever eommodities are transferred to the United States Government as repayment of assistanee under this Aet, sueh eommodities may be used in furtheranee of the purposes and within the limitations of this Aet.

SEC. 606. PATENTS AND TECHNICAL INFORMATION.—(a) Whenever, in eonnection with the furnishing of assistanee under this Aet—

(1) an invention or diseovery covered by a patent issued by the United States Government is praeticed within the United States without the authorization of the owner, or

(2) information, whieh is (A) proteeted by law, and (B) held by the United States Government subjeet to restrictions imposed by the owner, is diselosed by the United States Government or any of its offieers, employees, or agents in violation of sueh restrietions,

the exelusive remedy of the owner, exeept as provided in subseetion (b) of this seetion, is to sue the United States Government for reasonable and entire eompensation for sueh praetiee or diselosure in the distriet eourt of the United States for the district in whieh sueh owner is a resident, or in the Court of Claims, within six years after the eause of aetion arises. Any period during which the United States Government is in possession of a written elaim under subseetion (b) of this section before mailing a notiee of denial of that claim does not eount in eomputing the six years. In any sueh suit, the United States Government may plead any defense that may be pleaded by a private person in sueh an action. The last paragraph of section 1498(a) of title 28 of the United States Code shall apply to inventions and information eovered by this section.

(b) Before suit against the United States Government has been instituted, the head of the ageney of the United States Government concerned may settle and pay any elaim arising under the eircumstanees deseribed in subseetion (a) of this seetion. No claim may be

paid under this subsection unless the amount tendered is accepted by the claimant in full satisfaction.

(c) Funds appropriated pursuant to this Act shall not be expended by the United States Government for the acquisition of any drug product or pharmaceutical product manufactured outside the United States if the manufacture of such drug product or pharmaceutical product in the United States would involve the use of, or be covered by, an unexpired patent of the United States which has not previously been held invalid by an unappealed or unappealable judgment or decree of a court of competent jurisdiction, unless such manufacture is expressly authorized by the owner of such patent.

SEC. 607. FURNISHING OF SERVICES AND COMMODITIES.—Whenever the President determines it to be consistent with and in furtherance of the purposes of part I and within the limitations of this Act, any agency of the United States Government is authorized to furnish services and commodities on an advance-of-funds or reimbursement basis to friendly countries, international organizations, the American Red Cross, and voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid. Such advances or reimbursements which are received under this section within one hundred and eighty days after the close of the fiscal year in which such services and commodities are delivered, may be credited to the current applicable appropriation, account, or fund of the agency concerned and shall be available for the purposes for which such appropriation, account, or fund is authorized to be used.

SEC. 608. ADVANCE ACQUISITION OF PROPERTY.—(a) The President is authorized to maintain in a separate account, which shall, notwithstanding section 1210 of the General Appropriation Act, 1951 (64 Stat. 765), be free from fiscal year limitation, $5,000,000 of funds made available under section 212, which may be used to pay costs of acquisition, storage, renovation and rehabilitation, packing, crating, handling, transportation, and related costs of property classified as domestic or foreign excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), or other property, in advance of known requirements therefor for use in furtherance of the purposes of part I: *Provided*, That the amount of property classified as domestic excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended, held at any one time pursuant to this section shall not exceed $15,000,000 in total original acquisition cost. Property acquired pursuant to the preceding sentence may be furnished (1) pursuant to any provision of part I for which funds are authorized for the furnishing of assistance, in which case the separate account established pursuant to this section shall be repaid from funds made available for such provision for all costs incurred, or (2) pursuant to section 607, in which case such separate account shall be repaid in accordance with the provisions of that section for all costs incurred.

(b) Property classified as domestic excess property under the Federal Property and Administrative Services Act of 1949, as amended, shall not be transferred to the agency primarily responsible for administering part I for use pursuant to the provisions of part I or section 607 unless (1) such property is transferred for use exclusively by an agency of the United States Government, or (2) it has been determined in the same manner as provided for surplus property in section 203(j)

of the Federal Property and Administrative Services Act of 1949, as amended, that such property is not needed for donation pursuant to that subsection. The foregoing restrictions shall not apply to the transfer in any fiscal year for use pursuant to the provisions of part I of amounts of such property with a total original acquisition cost to the United States Government not exceeding $45,000,000.

SEC. 609. SPECIAL ACCOUNT.—(a) In cases where any commodity is to be furnished on a grant basis under chapter 4 of part I under arrangements which will result in the accrual of proceeds to the recipient country from the sale thereof, the President shall require the recipient country to establish a Special Account, and

(1) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient country in amounts equal to such proceeds;

(2) make available to the United States Government such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States Government: *Provided*, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

(3) utilize the remainder of the Special Account for programs agreed to by the United States Government to carry out the purposes for which new funds authorized by this Act would themselves be available: *Provided*, That whenever funds from such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the United States Government.

(b) Any unencumbered balances of funds which remain in the Account upon termination of assistance to such country under this Act shall be disposed of for such purposes as may, subject to approval by Act of the Congress, be agreed to between such country and the United States Government.

SEC. 610. TRANSFER BETWEEN ACCOUNTS.—Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available for any provision of this Act may be transferred to, and consolidated with, the funds made available for any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount of funds made available for such provision.

SEC. 611. COMPLETION OF PLANS AND COST ESTIMATES.—(a) No agreement or grant which constitutes an obligation of the United States Government in excess of $100,000 under section 1311 of the Supplemental Appropriation Act, 1955, as amended (31 U.S.C. 200), shall be made for any assistance authorized under titles I [and II], *II, and VI* of chapter 2 and chapter 4 of part I—

(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States Government of providing such assistance, have been completed; and

(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed in time to permit the orderly accomplishment of the purposes of such agreement or grant.

(b) Plans required under subsection (a) of this section for any water or related land resource construction project or program shall include a computation of benefits and costs made insofar as practicable in accordance with the procedures set forth in circular A–47 of the Bureau of the Budget with respect to such computations.

(c) To the maximum extent practicable, all contracts for construction outside the United States made in connection with any agreement or grant subject to subsection (a) of this section shall be made on a competitive basis.

(d) Subsection (a) of this section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans.

SEC. 612. USE OF FOREIGN CURRENCIES.—Except as otherwise provided in this Act or other Acts, foreign currencies received either (1) as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, and unobligated on the date prior to the effective date of this Act, or (2) on or after the effective date of this Act, as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or (3) as a result of the furnishing of assistance under part I, which are in excess of amounts reserved under authority of section 105(d) of the Mutual Educational and Cultural Exchange Act of 1961 or any other Act relating to educational and cultural exchanges, may be sold by the Secretary of the Treasury to agencies of the United States Government for payment of their obligations outside the United States, and the United States dollars received as reimbursement shall be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the amounts so reserved and of the requirements of the United States Government in payment of its obligations outside the United States, as such requirements may be determined from time to time by the President, shall be available for the authorized purposes of part I in such amounts as may be specified from time to time in appropriation Acts.

SEC. 613. ACCOUNTING, VALUATION, AND REPORTING OF FOREIGN CURRENCIES.—(a) Under the direction of the President, the Secretary of the Treasury shall have responsibility for valuation and central accounting with respect to foreign credits (including currencies) owed to or owned by the United States. In order to carry out such responsibility the Secretary shall issue regulations binding upon all agencies of the Government.

(b) The Secretary of the Treasury shall have sole authority to establish for all foreign currencies or credits the exchange rates at which such currencies are to be reported by all agencies of the Government.

(c) Each agency or department shall report to the Secretary of the Treasury an inventory as of June 30, 1961, showing the amount of all foreign currencies acquired without payment of dollars on hand of each of the respective countries, and the Secretary of the Treasury shall consolidate these reports as of the same date and submit to the

Congress this consolidated report broken down by agencies, by countries, by units of foreign currencies and their dollar equivalent. Thereafter, semiannually, similar reports are to be submitted by the agencies to the Treasury Department and then presented to the Congress by the Secretary of the Treasury.

SEC. 614. SPECIAL AUTHORITIES.—(a) The President may authorize in each fiscal year the use of funds made available for use under this Act and the furnishing of assistance under section 510 in a total amount not to exceed $250,000,000 and the use of not to exceed $100,000,000 of foreign currencies accruing under this Act or any other law, without regard to the requirements of this Act, any law relating to receipts and credits accruing to the United States, any Act appropriating funds for use under this Act, or the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), in furtherance of any of the purposes of such Acts, when the President determines that such authorization is important to the security of the United States. Not more than $50,000,000 of the funds available under this subsection may be allocated to any one country in any fiscal year.

(b) Whenever the President determines it to be important to the national interest, he may use funds available for the purposes of chapter 4 of part I in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin, and without regard to such provisions of law as he determines should be disregarded to achieve this purpose.

(c) The President is authorized to use amounts not to exceed $50,000,000 of the funds made available under this Act pursuant to his certification that it is inadvisable to specify the nature of the use of such funds, which certification shall be deemed to be a sufficient voucher for such amounts.

SEC. 615. CONTRACT AUTHORITY.—Provisions of this Act authorizing the appropriation of funds shall be construed to authorize the granting in any appropriation Act of authority to enter into contracts, within the amounts so authorized to be appropriated, creating obligations in advance of appropriations.

SEC. 616. AVAILABILITY OF FUNDS.—Except as otherwise provided in this Act, funds shall be available to carry out the provisions of this Act as authorized and appropriated to the President each fiscal year.

SEC. 617. TERMINATION OF ASSISTANCE.—Assistance under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for a period not to exceed twelve months from the date of termination of assistance under this Act for the necessary expenses of winding up programs related thereto.

[SEC. 618. ECONOMIC ASSISTANCE TO LATIN AMERICA.—Economic assistance to Latin America pursuant to title I and title II of chapter 2 of part I of this Act shall be furnished in accordance with the principles of the Act of Bogotá signed on September 13, 1960, and in order to carry out the policies of this Act and the purposes of this section, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to ensuring a wider and more equitable distribution of the ownership of land.]

Sec. 618. Use of Settlement Receipts.—United States dollars directly paid to the United States under the Agreement Between the United States of America and Japan Regarding the Settlement of Post-war Economic Assistance to Japan may be appropriated or otherwise made available to the President in any appropriation Act, within the limitations of part I of this Act, to carry out the provisions of that part.

Sec. 619. Assistance to Newly Independent Countries.—Assistance under part I of this Act to newly independent countries shall, to the maximum extent appropriate in the circumstances of each case, be furnished through multilateral organizations or in accordance with multilateral plans, on a fair and equitable basis with due regard to self-help.

Sec. 620. Prohibitions Against Furnishing Assistance to Cuba and Certain Other Countries.—(a) No assistance shall be furnished under this Act to the present government of Cuba. As an additional means of implementing and carrying into effect the policy of the preceding sentence, the President is authorized to establish and maintain a total embargo upon all trade between the United States and Cuba.

(b) No assistance shall be furnished under this Act to the government of any country unless the President determines that such country is not dominated or controlled by the international Communist movement.

(c) No assistance shall be provided under this Act to the government of any country which is indebted to any United States citizen for goods or services furnished *or ordered*, where such citizen has exhausted available legal remedies and *either* the debt is not denied or contested by such government *or indebtedness arises under an unconditional guaranty of payment given by such government or any predecessor government.*

(d) No assistance shall be furnished under section 201 of this Act for construction or operation of any productive enterprise in any country where such enterprise will compete with United States enterprise unless such country has agreed that it will establish appropriate procedures to prevent the exportation for use or consumption in the United States of more than twenty per centum of the annual production of such facility during the life of the loan. In case of failure to implement such agreement by the other contracting party, the President is authorized to establish necessary import controls to effectuate the agreement. The restrictions imposed by or pursuant to this subsection may be waived by the President where he determines that such waiver is in the national security interest.

(e) The President shall suspend assistance to the government of any country to which assistance is provided under this Act when the government of such country or any governmental agency within such country—

(1) nationalizes or expropriates or seizes the ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

(2) imposes or enforces discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country fails within a reasonable time (not more than six months) to take appropriate steps to discharge its obligations toward such citizen or entity, including equitable and speedy compensation for such property in convertible foreign exchange, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be, unless the President determines such suspension to be inconsistent with the national interest, and such suspension shall continue until he is satisfied that appropriate steps are being taken.

Chapter 2—Administrative Provisions

Sec. 621. Exercise of Functions.—[(a)] The President may exercise any functions conferred upon him by this Act through such agency or officer of the United States Government as he shall direct. The head of any such agency or such officer may from time to time promulgate such rules and regulations as may be necessary to carry out such functions, and may delegate authority to perform any such functions, including, if he shall so specify, the authority successively to redelegate any of such functions to any of his subordinates. In providing technical assistance under this Act in the field of education, health, housing, or agriculture, or in other fields, the head of any such agency or such officer shall utilize, to the fullest extent practicable, the facilities and resources of the Federal agency or agencies with primary responsibilities for domestic programs in such fields.

[(b) Notwithstanding the provisions of section 642(a), the corporate entity known as the Development Loan Fund, the International Cooperation Administration, and the Office of the Inspector General and Comptroller shall continue in existence for a period not to exceed sixty days after the effective date of this Act, unless sooner abolished by the President. There shall continue to be available to each such agency and office during such period the respective functions, offices, personnel, property, records, funds, and assets which were available thereto on the date prior to the effective date of this Act.

[(c) On the date of the abolition of the corporate entity known as the Development Loan Fund, the President shall designate an officer or head of an agency of the United States Government carrying out functions under part I to whom shall be transferred, and who shall accept the assets of, assume the obligations and liabilities of, and exercise the rights established or acquired for the benefit of, or with respect to, the Fund as of the date of abolition and not otherwise disposed of by this Act. In addition, on such date the President shall designate such officer or head of agency as the person to be sued in the event of default in the fulfillment of the obligations of the Fund, and shall transfer to such officer or head of agency such offices, entities, functions, property, and records of the Fund as may be necessary, and notwithstanding any other provision of law, shall transfer to such officer or head of agency such personnel of the Fund as the President determines to be necessary. Not later than ninety days after the date of such transfer, the President shall transmit to the Congress a final report of the operations and condition (as of the date of the transfer) of such Fund.

[(d) On the date of the abolition of the International Cooperation Administration the President shall transfer to an officer or head of

an agency of the United States Government carrying out functions under part I such offices, entities, functions, property, records, and funds of such agency, not otherwise disposed of by this Act, as may be necessary, and notwithstanding any other provision of law, shall transfer to such officer or head of agency such personnel of the International Cooperation Administration as the President determines to be neccssary.

[(e) On the date of the abolition of the agencies referred to in subsections (c) and (d) of this section, the President shall designate an officer or head of an agency of the United States Government carrying out functions under part I to whom shall be transferred, and who shall accept, the assets, obligations, and liabilities of, and the rights established or acquired for the benefit of, or with respect to, the Export-Import Bank of Washington related to the loans made by the Bank pursuant to section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(e)). In addition, on such date the President shall designate such officer or head of agency to be sued in the event of default in the fulfillment of such obligations of the Bank, and shall transfer to such officer or head of agency such records of the Bank as may be necessary.]

SEC. 622. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. The Chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires.

(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.

SEC. 623. THE SECRETARY OF DEFENSE.—(a) In the case of assistance under part II of this Act, the Secretary of Defense shall have primary responsibility for—

(1) the determination of military end-item requirements;

(2) the procurement of military equipment in a manner which permits its integration with service programs;

(3) the supervision of end-item use by the recipient countries;

(4) the supervision of the training of foreign military personnel;

(5) the movement and delivery of military end-items; and

(6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense.

SEC. 624. STATUTORY OFFICERS.—(a) The President may appoint, by and with the advice and consent of the Senate, twelve officers in the agency primarily responsible for administering part I, of whom—

(1) one shall have the rank of an Under Secretary and shall be compensated at a rate not to exceed the rate authorized by law for any Under Secretary of an Executive Department;

(2) two shall have the rank of Deputy Under Secretaries and shall be compensated at a rate not to exceed the rate authorized by law for any Deputy Under Secretary of an Executive Department; and

(3) nine shall have the rank of Assistant Secretaries and shall be compensated at a rate not to exceed the rate authorized by law for any Assistant Secretary of an Executive Department, and in the selection of one of such persons due consideration shall be given to persons qualified as professional engineers.

(b) Within the limitations established by subsection (a) of this section, the President may fix the rate of compensation, and may designate the title of, any officer appointed pursuant to the authority contained in that subsection. The President may also fix the order or succession among the officers provided for in paragraphs (2) and (3) of subsection (a) of this section in the event of the absence, death, resignation, or disability of the officers provided for in paragraphs (1) and (2) of that subsection.

(c) Any person who was appointed by and with the advice and consent of the Senate, to any statutory position authorized by any provision of law repealed by section 642(a) and who is serving in one of such positions at the time of transfer of functions pursuant to subsections (c) and (d) of section 621, may be appointed by the President to a comparable position authorized by subsection (a) of this section on the date of the establishment of the agency primarily responsible for administering part I, without further action by the Senate.

[(d) Notwithstanding the provisions of sections 642(a)(1) and 642(a)(2), any person who, on the date prior to the effective date of this Act, held an office or a position authorized pursuant to sections 205(b), 527(b), or 533A of the Mutual Security Act of 1954, as amended, or Reorganization Plan Numbered 7 of 1953, may continue to hold such office or position, subject to the discretion of the head of the agency primarily responsible for administering part I, for a period of not more than sixty days following the effective date of this Act.]

[(e)] *(d)*(1) In addition to the officers provided for in subsection (a) of this section, there shall be in the Department of State an officer with the title of "Inspector General, Foreign Assistance," who shall be appointed by the President, by and with the advice and consent of the Senate. In addition, there shall be one Deputy Inspector General, Foreign Assistance, and two Assistant Inspector Generals, Foreign Assistance, who shall be appointed by the President, and such other personnel as may be required to carry out the functions vested in the Inspector General, Foreign Assistance, by this subsection. Notwithstanding any other provisions of law, such of the personnel employed under the authority of section 533A of the Mutual Security Act of 1954, as amended, as the Inspector General, Foreign Assistance, may designate, and such of the property, records, and funds of the office established by such section 533A as the Inspector General, Foreign Assistance, may deem necessary, may be transferred to the office of

the Inspector General, Foreign Assistance. The Inspector General, Foreign Assistance, shall receive compensation at the rate of $20,000 annually; the Deputy Inspector General, Foreign Assistance, shall receive compensation at the rate of $19,500 annually, and each Assistant Inspector General, Foreign Assistance, shall receive compensation at the rate of $19,000 annually.

(2) The Inspector General, Foreign Assistance, shall report directly to the Secretary of State and shall have the following duties and responsibilities:

(A) He shall arrange for, direct or conduct such reviews, inspections and audits of programs being conducted under part I of this Act and of the Peace Corps, *and programs being conducted by United States Government agencies under Public Law 86–735*, as he considers necessary for the purpose of ascertaining the efficiency and the economy of their administration, their consonance with the foreign policy of the United States, and the attainment of their objectives.

(B) For the purpose of ascertaining the extent to which programs of assistance being carried out under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, are in consonance with the foreign policy of the United States, are aiding in the attainment of the objectives of this Act, and are being carried out consistently with the responsibilities with respect thereto of the respective United States chiefs of missions and of the Secretary of State, as well as the efficiency and the economy with which such responsibilities are discharged, he shall arrange for, direct or conduct such reviews, inspections and audits of programs of assistance under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, as he considers necessary.

(3) The Inspector General, Foreign Assistance, shall maintain continuous observation and review of programs with respect to which he has responsibilities under paragraph (2) of this subsection for the purpose of—

(A) determining the extent to which such programs are in compliance with applicable laws and regulations;

(B) making recommendations for the correction of deficiencies in, or for improving the organization, plans or procedures of, such programs; and

(C) evaluating the effectiveness of such programs in attaining United States foreign policy objectives and reporting to the Secretary of State with respect thereto.

(4) In order to eliminate duplication and to assure full utilization of existing data, the Inspector General, Foreign Assistance, shall, in carrying out his duties under this Act, give due regard to the audit, investigative and inspection activities of the various agencies, including those of the General Accounting Office and of the military Inspectors General.

(5) For the purpose of aiding in carrying out his duties under this Act, the Inspector General, Foreign Assistance, shall have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material of the agencies of the United States Government administering part I or part II of this Act, *and Public Law 86–735*, the Peace Corps or the Agricultural Trade Development and

Assistance Act of 1954, as amended. All agencies of the United States Government shall cooperate with the Inspector General, Foreign Assistance, and shall furnish assistance upon request to the Inspector General, Foreign Assistance, in aid of his responsibilities.

(6) The Inspector General, Foreign Assistance, shall have authority to suspend all or any part of any project or operation (but not a country program) with respect to which he has conducted or is conducting an inspection, audit or review provided he first has given written notice to the Secretary of State. Any such suspension shall remain effective until such program or part thereof is ordered resumed by the Inspector General, Foreign Assistance, or by the Secretary of State. This paragraph shall not apply to part II of this Act, and with respect to the Agricultural Trade Development and Assistance Act of 1954, as amended, shall apply only to projects and operations administered by the Secretary of State.

(7) Expenses of the Inspector General, Foreign Assistance, with respect to programs under part I or part II of this Act, *and Public Law 86–735*, and the Peace Corps shall be charged to the appropriations made to carry out such programs, and with respect to programs under the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be charged to funds available under the authority of this Act: *Provided*, That such appropriations shall not be charged with such expenses after the expiration of a thirty-five day period which begins on the date the General Accounting Office, or any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation, appropriations, or expenditures under the Act, has delivered to the Office of the Secretary of State a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material which relates to the operation or activities of the Inspector General, Foreign Assistance, unless and until there has been furnished to the General Accounting Office, or to such committee, or subcommittee, as the case may be, (A) the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested, or (B) a certification by the President personally that he has forbidden the furnishing thereof pursuant to such request and his reason for so doing. The waiver authority in section 614(a) of this Act and the provisions of section 634(c) of this Act shall not apply to this subsection. Such expenses shall not exceed $2 million in any fiscal year. The Inspector General, Foreign Assistance, may make expenditures (not in excess of $2,000 in any fiscal year) of a confidential nature when he finds that such expenditures are in aid of inspections, audits or reviews under this subsection. A certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the Inspector General, Foreign Assistance, and every such certificate shall be deemed a sufficient voucher for the amount therein specified.

SEC. 625. EMPLOYMENT OF PERSONNEL.—(a) Any agency or officer of the United States Government carrying out functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States to carry out part I or coordinate part I and part II, not to exceed [seventy-six] *one hundred* may be appointed, compensated, or removed without

regard to the provisions of any law, of whom not to exceed fifty-one may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended (5 U.S.C. 1071 et seq.), and of these, not to exceed eight may be compensated at a rate in excess ofthe highest rate provided for grades of such general schedule but not in excess of $19,000 per year: *Provided*, That, under such regulations as the President shall prescribe, officers and employees of the United States Government who are appointed to any of the above positions may be entitled, upon removal from such position, to reinstatement to the position occupied at the time of appointment or to a position of comparable grade and salary. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(c) Of the personnel employed in the United States to carry out part II, not to exceed eight may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed three may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of $19,000 per year. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(d) For the purpose of performing functions under this Act outside the United States the President may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees by agencies of the United States Government, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), together with allowances and benefits thereunder; and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of employment or assignment exceeds thirty months, to the same benefits as are provided by section 528 of that Act for persons appointed to the Foreign Service Reserve, and the provisions of section 1005 of that Act shall apply in the case of such persons, except that policymaking officials shall not be subject to that part of section 1005 of that Act which prohibits political tests; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended, as the President deems necessary to carry out functions under this Act; and such provisions of the Foreign Service Act of 1946, as amended, as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including in all cases the provisions of section 528 of that Act: *Provided, however*, That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or assignment exceeds thirty months: *Provided further*, That Foreign Service Reserve officers appointed or assigned pursuant to this paragraph shall receive within-class salary increases in accordance with such regulations as the President

may prescribe: *Provided further, That, whenever the President determines it to be important for the purposes of this Act, the President may initially assign personnel under this paragraph for duty within the United States for a period not to exceed two years for the purpose of preparation for assignment outside the United States; however, the authority contained in this proviso may not be exercised with respect to more than thirty persons in the aggregate.*

(e) The President is authorized to prescribe by regulation standards or other criteria for maintaining adequate performance levels for personnel appointed or assigned pursuant to paragraph (2) of subsection (d) of this section and section 527(c)(2) of the Mutual Security Act of 1954, as amended, and may, notwithstanding any other law, but subject to an appropriate administrative appeal, separate employees who fail to meet such standards or other criteria, and also may grant such personnel severance benefits of one month's salary for each year's service, but not to exceed one year's salary at the then current salary rate of such personnel.

(f) Funds provided for in agreements with foreign countries for the furnishing of services under this Act shall be deemed to be obligated for the services of personnel employed by the United States Government as well as other personnel.

(g) The principles regarding foreign language competence set forth in section 578 of the Foreign Service Act of 1946, as amended (22 U.S.C. 801), shall be applicable to personnel carrying out functions under this Act and the Secretary of State shall make appropriate designations and standards for such personnel.

(h) Notwithstanding any other provision of law, officers and employees of the United States Government performing functions under this Act shall not accept from any foreign country any compensation or other benefits. Arrangements may be made by the President with such countries for reimbursement to the United States Government or other sharing of the cost of performing such functions.

(i) To the maximum extent practicable officers and employees performing functions under this Act abroad shall be assigned to countries and positions for which they have special competence, such as appropriate language and practical experience.

SEC. 626. EXPERTS, CONSULTANTS, AND RETIRED OFFICERS.—(a) Experts and consultants or organizations thereof may, as authorized by section 15 of the Act of August 2, 1946, as amended (5 U.S.C. 55a), be employed for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of $75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence at the applicable rate prescribed in the standardized Government travel regulations, as amended from time to time. Contracts for such employment with such organizations, employment of personnel as experts and consultants, not to exceed ten in number, contracts for such employment of retired military personnel with specialized research and development experience, not to exceed ten in number and contracts for such employment of retired military personnel with specialized experience of a broad politico-military nature, not to exceed five in number, may be renewed annually.

(b) Service of an individual as an expert or consultant under subsection (a) of this section shall not be considered as service or employ-

ment bringing such individual within the provisions of section 281, 283, or 284 of title 18 of the United States Code, or of section 190 of the Revised Statutes (5 U.S.C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States Government, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service. Nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 13 of the Civil Service Retirement Act, as amended (5 U.S.C. 2263), section 212 of Public Law 72–212, as amended (5 U.S.C. 59a), section 872 of the Foreign Service Act of 1946, as amended, or any other law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities.

(c) Notwithstanding section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62), any retired officer of any of the services mentioned in the Career Compensation Act of 1949, as amended (37 U.S.C. 231 et seq.), may hold any office or appointment under this Act, but the compensation of any such retired officer shall be subject to the provisions of section 212 of Public Law 72–212, as amended.

(d) Persons of outstanding experience and ability may be employed without compensation by any agency of the United States Government for the performance of functions under this Act in accordance with the provisions of section 710(b) of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2160(b)), and regulations issued thereunder.

SEC. 627. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.—Whenever the President determines it to be in furtherance of the purposes of this Act, the head of any agency of the United States Government is authorized to detail or assign any officer or employee of his agency to any office or position with any foreign government or foreign government agency, where acceptance of such office or position does not involve the taking of an oath of allegiance to another government or the acceptance of compensation or other benefits from any foreign country by such officer or employee.

SEC. 628. DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATIONS.—Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any agency of the United States Government is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with, or as a member of, the international staff of such organization, or to render any technical, scientific, or professional advice or service to, or in cooperation with, such organization.

SEC. 629. STATUS OF PERSONNEL DETAILED.—(a) Any officer or employee, while assigned or detailed under section 627 or 628 of this Act, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority, and other benefits as such, an officer or employee of the United States Government and of the agency of the United States Government from which detailed or assigned, and he

shall continue to receive compensation, allowances, and benefits from funds appropriated to that agency or made available to that agency under this Act.

(b) Any officer or employee assigned, detailed, or appointed under section 627, 628, 631, or 624[(e)] (*d*) of this Act is authorized to receive under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1131). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes (5 U.S.C. 70).

SEC. 630. TERMS OF DETAIL OR ASSIGNMENT.—Details or assignments may be made under section 627 or 628 of this Act or section 408 of the Mutual Security Act of 1954, as amended—

(1) without reimbursement to the United States Government by the foreign government or international organization;

(2) upon agreement by the foreign government or international organization to reimburse the United States Government for compensation, travel expenses, and allowances, or any part thereof, payable to the officer or employee concerned during the period of assignment or detail; and such reimbursements (including foreign currencies) shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purposes;

(3) upon an advance of funds, property, or services by the foreign government or international organization to the United States Government accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States Government, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the foreign government or international organization; or

(4) subject to the receipt by the United States Government of a credit to be applied against the payment by the United States Government of its share of the expenses of the international organization to which the officer or employee is detailed or assigned, such credit to be based upon the compensation, travel expenses, and allowances, or any part thereof, payable to such officer or employee during the period of detail or assignment in accordance with section 629.

SEC. 631. MISSIONS AND STAFFS ABROAD.—(a) The President may maintain special missions or staffs outside the United States in such countries and for such periods of time as may be necessary to carry out the purposes of this Act. Each such special mission or staff shall be under the direction of a chief.

(b) The chief and his deputy of each special mission or staff carrying out the purposes of part I shall be appointed by the President, and may, notwithstanding any other law, be removed by the President at his discretion. Such chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances

as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946, as amended, or (2) compensation and allowances in accordance with section 625(d), as the President shall determine to be appropriate.

SEC. 632. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—(a) The President may allocate or transfer to any agency of the United States Government any part of any funds available for carrying out the purposes of this Act, including any advance to the United States Government by any country or international organization for the procurement of commodities, defense articles, or services (including defense services). Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the agencies of the United States Government to which such funds are allocated or transferred.

(b) Any officer of the United States Government carrying out functions under this Act may utilize the services (including defense services) and facilities of, or procure commodities and defense articles from, any agency of the United States Government as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

(c) In the case of any commodity, service, or facility procured from any agency of the United States Government to carry out part I, reimbursement or payment shall be made to such agency from funds available to carry out such part. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposing agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts, from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning or disposing agency determines that such replacement is not necessary, any funds received in payment therefor shall be deposited into the Treasury as miscellaneous receipts.

(d) Except as otherwise provided in sections 507 and 510, reimbursement shall be made to any United States Government agency, from funds available for use under part II, for any assistance furnished under part II from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 644(m)) of the defense articles or of the defense services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under part II. The amount of such reimbursement shall be credited to the current applicable appropriations, funds, or accounts of such agency.

(e) In furnishing assistance under this Act, accounts may be established on the books of any agency of the United States Government or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, (1) against which letters of commitment may be issued which shall constitute recordable obligations of the United States Government, and moneys due or to become due under such letters of commitment shall be assignable under the

Assignment of Claims Act of 1940, as amended (second and third paragraphs of 31 U.S.C. 203 and 41 U.S.C. 15), and (2) from which disbursements may be made to, or withdrawals may be made by, recipient countries or agencies, organizations, or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of funds of the United States Government: *Provided*, That such expenditures for commodities, defense articles, services (including defense services), or facilities procured outside the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

(f) Credits made by the Export-Import Bank of Washington with funds allocated thereto under subsection (a) of this section or under section 522(a) of the Mutual Security Act of 1954, as amended, shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945, as amended (12 U.S.C. 635e).

(g) Any appropriation or account available to carry out provisions of part I may initially be charged in any fiscal year, within the limit of available funds, to finance expenses for which funds are available in other appropriations or accounts under part I: *Provided*, That as of the end of such fiscal year such expenses shall be finally charged to applicable appropriations or accounts with proper credit to the appropriations or accounts initially utilized for financing purposes: *Provided further*, That such final charge to applicable appropriations or accounts shall not be required in the case of expenses (other than those provided for under section 637(a)) incurred in furnishing assistance by the agency primarily responsible for administering part I where it is determined that the accounting costs of identifying the applicable appropriation or account to which such expenses should be charged would be disproportionate to the advantage to be gained.

SEC. 633. WAIVERS OF CERTAIN LAWS.—(a) Whenever the President determines it to be in furtherance of the purposes of this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951, as amended (50 U.S.C. App. 1211 et seq.)), regulating the making, performance, amendment, or modification of contracts and the expenditure of funds of the United States Government as the President may specify.

(b) The functions authorized under part II may be performed without regard to such provisions as the President may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

(c) Notwithstanding the provisions of sections 3544(b) and 8544(b) of title 10 of the United States Code, personnel of the Department of Defense may be assigned or detailed to any civil office to carry out this Act.

SEC. 634. REPORTS AND INFORMATION.—(a) The President shall, while funds made available for the purposes of this Act remain available for obligation, transmit to the Congress after the close of each fiscal year a report concerning operations in that fiscal year under this

Act. Each such report shall include information on the operation of the investment guaranty program.

(b) The President shall, in the reports required by subsection (a) of this section, and in response to requests from Members of the Congress or inquiries from the public, make public all information concerning operations under this Act not deemed by him to be incompatible with the security of the United States. In the case of each loan made from the Development Loan Fund established pursuant to section 201(a) the President shall make public appropriate information about the loan, including information about the borrower, the nature of the activity being financed, and the economic development objectives being served by the loan.

(c) None of the funds made available pursuant to the provisions of this Act shall be used to carry out any provision of this Act in any country or with respect to any project or activity, after the expiration of the thirty-five-day period which begins on the date the General Accounting Office or any committee of the Congress charged with considering legislation, appropriations or expenditures under this Act, has delivered to the office of the head of any agency carrying out such provision, a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material in its custody or control relating to the administration of such provision in such country or with respect to such project or activity, unless and until there has been furnished to the General Accounting Office, or to such committee, as the case may be, (1) the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested, or (2) a certification by the President that he has forbidden the furnishing thereof pursuant to request and his reason for so doing.

(d) [In January of each] *At the end of each fiscal* year, the President shall notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of all actions taken during the [preceding twelve months] *fiscal year* under this Act which resulted in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or any Act appropriating funds pursuant to authorizations contained in this Act, or which resulted in obligations or reservations greater by 50 per centum or more than the proposed obligations or reservations included in such presentation for the program concerned, and in his notification the President shall state the justification for such changes. *There shall also be included in the presentation material submitted to the Congress during its consideration of amendments to this Act, or of any Act appropriating funds pursuant to authorizations contained in this Act, a comparison of the current fiscal year programs and activities with those presented to the Congress in the previous year and an explanation of any changes.* In addition, the President shall promptly notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of any determination under section 303, 610, 614(a), or 614(b).

(e) The President shall include in his recommendations to the Congress for programs under this Act for each fiscal year a specific plan for each country receiving bilateral grant economic assistance whereby,

wherever practicable, such grant economic assistance shall be progressively reduced and eventually terminated.

SEC. 635. GENERAL AUTHORITIES.—(a) Except as otherwise specifically provided in this Act, assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States Government of commodities) as may be determined to be best suited to the achievement of the purposes of this Act, and shall emphasize loans rather than grants wherever possible.

(b) The President may make loans, advances, and grants to, make and perform agreements and contracts with, or enter into other transactions with, any individual, corporation, or other body of persons, friendly government or government agency, whether within or without the United States, and international organizations in furtherance of the purposes and within the limitations of this Act.

(c) It is the sense of Congress that the President, in furthering the purposes of this Act, shall use to the maximum extent practicable the services and facilities of voluntary, nonprofit organizations registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid.

(d) The President may accept and use in furtherance of the purposes of this Act, money, funds, property, and services of any kind made available by gift, devise, bequest, grant, or otherwise for such purpose.

(e) Any agency of the United States Government is authorized to pay the cost of health and accident insurance for foreign participants in any program of furnishing technical information and assistance administered by such agency while such participants are absent from their homes for the purpose of participation in such program.

(f) Alien participants in any program of furnishing technical information and assistance under this Act may be admitted to the United States if otherwise qualified as nonimmigrants under section 101(a)(15) of the Immigration and Nationality Act, as amended (8 U.S.C. 1101(a)(15)), for such time and under such conditions as may be prescribed by regulations promulgated by the Secretary of State and the Attorney General.

(g) In making loans under this Act, the President—

(1) may issue letters of credit and letters of commitment;

(2) may collect or compromise any obligations assigned to, or held by, and any legal or equitable rights accruing to him, and, as he may determine, refer any such obligations or rights to the Attorney General for suit or collection;

(3) may acquire and dispose of, upon such terms and conditions as he may determine, any property, including any instrument evidencing indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens or pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any such instrument;

(4) may determine the character of, and necessity for, obligations and expenditures of funds used in making such loans and the manner in which they shall be incurred, allowed, and paid,

subject to provisions of law specifically applicable to corporations of the United States Government; and

(5) shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by the Government Corporation Control Act, as amended (31 U.S.C. 841 et seq.).

(h) A contract or agreement which entails commitments for the expenditure of funds [made] available under titles II [and V], *V, and VI* of chapter 2 of part I and under part II may, subject to any future action of the Congress, extend at any time for not more than five years.

(i) Claims arising as a result of investment guaranty operations may be settled, and disputes arising as a result thereof may be arbitrated with the consent of the parties, on such terms and conditions as the President may direct. Payment made pursuant to any such settlement, or as a result of an arbitration award, shall be final and conclusive notwithstanding any other provision of law.

(j) The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for, or participating in, any operation or transaction arising under this Act, or from acquiring any obligation issued in connection with any operation or transaction arising under this Act.

SEC. 636. PROVISIONS ON USES OF FUNDS.—(a) Appropriations for the purposes of or pursuant to this Act (except for part II), allocations to any agency of the United States Government, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to the agency primarily responsible for administering part I, shall be available for:

(1) rent of buildings and space in buildings in the United States, and for repair, alteration, and improvement of such leased properties;

(2) expenses of attendance at meetings concerned with the purposes of such appropriations or of this Act, including (notwithstanding the provisions of section 9 of Public Law 60–328 (31 U.S.C. 673)) expenses in connection with meetings of persons whose employment is authorized by section 626;

(3) contracting with individuals for personal services abroad: *Provided,* That such individuals shall not be regarded as employees of the United States Government for the purpose of any law administered by the Civil Service Commission;

(4) purchase, maintenance, operation, and hire of aircraft: *Provided,* That aircraft for administrative purposes may be purchased only as specifically provided for in an appropriation or other Act;

(5) purchase and hire of passenger motor vehicles: *Provided,* That, except as may otherwise be provided in an appropriation or other Act, passenger motor vehicles for administrative purposes outside the United States may be purchased for replacement only, and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles, and the cost, including exchange allowance, of each such replacement shall not exceed $3,500 in the case of an automobile for the chief of any special mission or staff

outside the United States established under section 631: *Provided further*, That passenger motor vehicles, other than one for the official use (without regard to the limitations contained in section 5 of Public Law 63–127, as amended (5 U.S.C. 78(c)(2)) and section 201 of Public Law 85–468 (5 U.S.C. 78a–1)) of the head of the agency primarily responsible for administering part I, may be purchased for use in the United States only as may be specifically provided in an appropriation or other Act;

(6) entertainment (not to exceed $25,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);

(7) exchange of funds without regard to section 3651 of the Revised Statutes (31 U.S.C. 543) and loss by exchange;

(8) expenditures (not to exceed $50,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act) of a confidential character other than entertainment: *Provided*, That a certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the head of the agency primarily responsible for administering part I or such person as he may designate, and every such certificate shall be deemed a sufficient voucher for the amount therein specified;

(9) insurance of official motor vehicles or aircraft acquired for use in foreign countries;

(10) rent or lease outside the United States for not to exceed ten years of offices, buildings, grounds, and quarters, including living quarters to house personnel, and payments therefor in advance; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government or made available for use to the United States Government outside the United States; and costs of fuel, water, and utilities for such properties;

(11) expenses of preparing and transporting to their former homes, or, with respect to foreign participants engaged in any program under part I, to their former homes or places of burial, and of care and disposition of, the remains of persons or members of the families of persons who may die while such persons are away from their homes participating in activities carried out with funds covered by this subsection;

(12) purchase of uniforms;

(13) payment of per diem in lieu of subsistence to foreign participants engaged in any program under part I while such participants are away from their homes in countries other than the United States, at rates not in excess of those prescribed by the standardized Government travel regulations, notwithstanding any other provision of law;

(14) use in accordance with authorities of the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), not otherwise provided for;

(15) ice and drinking water for use outside the United States;

(16) services of commissioned officers of the Coast and Geodetic Survey, and for the purposes of providing such services the Coast and Geodetic Survey may appoint not to exceed twenty commissioned officers in addition to those otherwise authorized;

(17) expenses in connection with travel of personnel outside the United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel), and transportation of personal effects, household goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during the same fiscal year, and cost of transporting automobiles to and from a place of storage, and the cost of storing automobiles of such personnel when it is in the public interest or more economical to authorize storage.

(b) Funds made available for the purposes of this Act may be used for compensation, allowances, and travel of personnel including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, for printing and binding, without regard to the provisions of any other law, and for expenditures outside the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of funds of the United States Government as may be necessary to accomplish the purposes of this Act.

(c) Notwithstanding any other law, not to exceed $3,000,000 of the funds available for assistance under this Act (other than title I of chapter 2 of part I) may be used in any fiscal year (in addition to funds available for such use under other authorities in this Act) to construct or otherwise acquire outside the United States (1) essential living quarters, office space, and necessary supporting facilities for use of personnel carrying out activities authorized by this Act, and (2) schools (including dormitories and boarding facilities) and hospitals for use of personnel carrying out activities authorized by this Act, United States Government personnel, and their dependents. In addition, funds made available for assistance under this Act (other than title I of chapter 2 of part I) may be used, notwithstanding any other law, to equip, staff, operate, and maintain such schools and hospitals.

(d) Not to exceed $1,500,000 of the funds available for assistance under this Act (other than title I of chapter 2 of part I) may be used in any fiscal year to provide assistance, on such terms and conditions as are deemed appropriate, to schools established, or to be established, outside the United States whenever it is determined that such action would be more economical or would best serve the interests of the United States in providing for the education of dependents of personnel carrying out activities authorized by this Act and dependents of United States Government personnel, in lieu of acquisition or construction pursuant to subsection (c) of this section.

(e) Funds available under this Act (other than title I of chapter 2 of part I) may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 625(d)(2) (through interchange or otherwise) at any State or local unit of government, public or private nonprofit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 84–918 (7 U.S.C. 1881 et seq.) may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take

place at the institutions specified in that Act. Such training shall not be considered employment or holding of office under section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62), and any payments or contributions in connection therewith may, as deemed appropriate by the head of the agency of the United States Government authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: *Provided, however,* That any such payments to any employee in the nature of compensation shall be in lieu, or in reduction, of compensation received from the United States Government.

(f) Funds made available under section 212 may be used for expenses (other than those provided for under section 637(a)) to assist in carrying out functions under title I of chapter 2 of part I, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and under the Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (22 U.S.C. 1942 et seq.), performed by the agency primarily responsible for administering part I.

(g) Funds made available for the purposes of part II shall be available for—

(1) administrative, extraordinary (not to exceed $300,000 in any fiscal year), and operating expenses;

(2) reimbursement of actual expenses of military officers detailed or assigned as tour directors in connection with orientation visits of foreign military personnel, in accordance with the provisions of section 3 of the Travel Expense Act of 1949, as amended (5 U.S.C. 836), applicable to civilian officers and employees; and

(3) maintenance, repair, alteration, and furnishing of United States-owned facilities in the District of Columbia or elsewhere for the training of foreign military personnel, without regard to the provisions of section 3733 of the Revised Statutes (41 U.S.C. 12) or other provision of law requiring a specific authorization or specific appropriation for such public contracts.

SEC. 637. ADMINISTRATIVE EXPENSES.—(a) There is hereby authorized to be appropriated to the President for the fiscal year [1962] *1963* not to exceed $50,000,000 for necessary administrative expenses of the agency primarily responsible for administering part I.

(b) There is hereby authorized to be appropriated to the Secretary of State such amounts as may be necessary from time to time for administrative expenses which are incurred for functions of the Department of State under this Act and unrepealed provisions of the Mutual Security Act of 1954, as amended, or for normal functions of the Department of State which relate to such functions.

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 641. EFFECTIVE DATE AND IDENTIFICATION OF PROGRAMS.—This Act shall take effect on the date of its enactment. Programs under this Act shall be identified appropriately overseas as "American Aid".

SEC. 642. STATUTES REPEALED.—(a) There are hereby repealed—

(1) Reorganization Plan Numbered 7 of 1953;

(2) the Mutual Security Act of 1954, as amended (except sections 143, 402, 405(a), 405(c), 405(d), 408, 414, 417, 451(c),

502(a), 502(b), 514, 523(d), and 536): *Provided*, That until the enactment of legislation authorizing and appropriating funds for activites heretofore carried on pursuant to sections 405(a), 405(c), 405(d), and 451(c) of the Mutual Security Act of 1954, as amended, such activities may be continued with funds made available under section 451(a) of this Act;

(3) section 12 of the Mutual Security Act of 1955;

(4) sections 12, 13, and 14 of the Mutual Security Act of 1956;

(5) section 503 of the Mutual Security Act of 1958;

(6) section 108 of the Mutual Security Appropriation Act, 1959;

(7) section 501(a), chapter VI, and sections 702 and 703 of the Mutual Security Act of 1959, as amended; and

(8) section 604 and chapter VIII of the Mutual Security Act of 1960.

(b) References in law to the Acts, or provisions of such Acts, repealed by subsection (a) of this section shall hereafter be deemed to be references to this Act or appropriate provisions of this Act.

(c) The repeal of the Acts listed in subsection (a) of this section shall not be deemed to affect amendments contained in such Acts to Acts not named in that subsection.

SEC. 643. SAVING PROVISIONS.—(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law repealed by section 642(a) shall continue in full force and effect until modified by appropriate authority.

(b) Wherever provisions of this Act establish conditions which must be complied with before use may be made of authority contained in, or funds authorized by, this Act, compliance with, or satisfaction of, substantially similar conditions under Acts listed in section 642(a) or Acts repealed by those Acts shall be deemed to constitute compliance with the conditions established by this Act.

(c) Funds made available pursuant to provisions of law repealed by section 642(a)(2) shall, unless otherwise authorized or provided by law, remain available for their original purposes in accordance with the provisions of law originally applicable thereto, or in accordance with the provisions of law currently applicable to those purposes.

[(d) No provision of this Act shall affect, or be deemed to affect, except as the President may determine, the agency within the Department of State known as the Peace Corps, nor any of the functions, offices, personnel, property, records, and funds available thereto on the date prior to the effective date of this Act, pending the enactment of legislation for the Peace Corps of the adjournment of the first session of the Eighty-seventh Congress, whichever is earlier.]

SEC. 644. DEFINITIONS.—As used in this Act—

(a) "Agency of the United States Government" includes any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment of the United States Government.

(b) "Armed Forces" of the United States means the Army, Navy, Air Force, Marine Corps, and Coast Guard.

(c) "Commodity" includes any material, article, supply, goods, or equipment used for the purposes of furnishing nonmilitary assistance.

(d) "Defense article" includes—

(1) any weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war;

(2) any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance;

(3) any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing repair, servicing, storage, construction, transportation, operation, or use of any article listed in this subsection; or

(4) any component or part of any article listed in this subsection; but

shall not include merchant vessels or, as defined by the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011), source material, byproduct material, special nuclear material, or atomic weapons.

(e) "Defense information" includes any document, writing, sketch, photograph, plan, model, specification, design, prototype, or other recorded or oral information relating to any defense article or defense service, but shall not include Restricted Data and formerly Restricted Data as defined by the Atomic Energy Act of 1954, as amended.

(f) "Defense service" includes any service, test, inspection, repair, training, training aid, publication, or technical or other assistance, including the transfer of limited quantities of defense articles for test, evaluation, or standardization purposes, or defense information used for the purposes of furnishing military assistance.

(g) "Excess defense articles" mean the quantity of defense articles owned by the United States Government which is in excess of the mobilization reserve at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations as grant assistance under this Act.

(h) "Function" includes any duty, obligation, power, authority, responsibility, right, privilege, discretion, or activity.

(i) "Mobilization reserve" means the quantity of defense articles determined to be required, under regulations prescribed by the President, to support mobilization of the Armed Forces of the United States Government in the event of war or national emergency.

(j) "Officer or employee" means civilian personnel and members of the Armed Forces of the United States Government.

(k) "Services" include any service, repair, training of personnel, or technical or other assistance or information used for the purposes of furnishing nonmilitary assistance.

(l) "Surplus agricultural commodity" means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for United States dollars, as determined by the Secretary of Agriculture.

(m) "Value" means—

(1) with respect to excess defense articles, the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying such articles;

(2) with respect to nonexcess defense articles delivered from inventory to countries or international organizations [as grant

assistance] under this Act, the standard price in effect at the time such articles are dropped from inventory by the supplying agency. Such price shall be the same standard price used for transfers or sales of such articles in or between the Armed Forces of the United States Government, or, where such articles are not transferred or sold in or between the Armed Forces of the United States, the gross cost to the United States Government adjusted as appropriate for condition and market value; and

(3) with respect to nonexcess defense articles delivered from new procurement to countries or international organizations [as grant assistance] under this Act, the contract or production costs of such articles.

Military assistance programs and orders shall be based upon the best estimates of stock status and prevailing prices; reimbursements to the supplying agency shall be made on the basis of the stock status and prices determined pursuant to this section. Notwithstanding the foregoing provisions of this section, the Secretary of Defense may prescribe regulations authorizing reimbursements to the supplying agency based on negotiated prices for aircraft, vessels, plant equipment, and such other major items as he may specify: *Provided*, That such articles are not excess at the time such prices are negotiated: *Provided further*, That such prices are negotiated at the time firm orders are placed with the supplying agency by the military assistance program.

SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to *this Act or* the Mutual Security Act of 1954, as amended, are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act.

SEC. 646. CONSTRUCTION.—If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of this Act, and of the applicability of such provision to other circumstances or persons shall not be affected thereby.

SEC. 647. DEPENDABLE FUEL SUPPLY.—It is of paramount importance that long-range economic plans take cognizance of the need for a dependable supply of fuels, which is necessary to orderly and stable development and growth, and that dependence not be placed upon sources which are inherently hostile to free countries and the ultimate well-being of economically underdeveloped countries and which might exploit such dependence for ultimate political domination. The agencies of government in the United States are directed to work with other countries in developing plans for basing development programs on the use of the large and stable supply of relatively low cost fuels available in the free world.

[PART IV

[SEC. 701. Section 1 of the Defense Base Act, as amended (42 U.S.C. 1651), is further amended as follows:

[(1) In paragraph (5) of subsection (a) insert after "thereof" in the second parenthetical phrase "unless the Secretary of Labor, upon the recommendation of the head of any department or other agency of the

United States, determines a contract financed under a successor provision of any successor Act should be covered by this section".

[(2) In subsection (e) strike out "June 30, 1958, but not completed on July 24, 1959" and substitute therefor "but not completed on the date of enactment of any successor Act to the Mutual Security Act of 1954, as amended".

[SEC. 702. In paragraph (4) of section 101(a) of the War Hazards Compensation Act, as amended (42 U.S.C. 1701), insert after "thereof" in the parenthetical phrase "unless the Secretary of Labor, upon the recommendation of the head of any department or other agency of the United States Government, determines a contract financed under a successor provision of any successor Act should be covered by this section".

[SEC. 703. (a) Section 305 of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.) is amended to read as follows:

["SEC. 305. There is hereby authorized to be appropriated to the Secretary of State such sums as may be necessary from time to time to administer and carry out the objectives of this Act."

[(b) The amendment to section 305 of the Mutual Defense Assistance Control Act of 1951 effected by subsection (a) of this section shall not be deemed to affect the repeal of laws effected by that section prior to such amendment.

[SEC. 704. Section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(e)), is amended by substituting "such agency as the President shall direct" and "agency" for "the Export-Import Bank" and "bank", respectively.

[SEC. 705. Section 5 of the joint resolution to promote peace and stability in the Middle East (22 U.S.C. 1964) is amended by substituting "whenever appropriate" for "within the months of January and July of each year".

[SEC. 706. The Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (22 U.S.C. 1942 et seq.), is amended by adding a new section 4 reading as follows:

["GENERAL PROVISIONS

["SEC. 4. (a) Funds appropriated under sections 2 and 3 of this Act may be used for assistance under this Act pursuant to such provisions applicable to the furnishing of such assistance contained in any successor Act to the Mutual Security Act of 1954, as amended, as the President determines to be necessary to carry out the purposes for which such funds are appropriated.

["(b) Of the funds appropriated under section 2 of this Act not more than $800,000 shall be available only for assisting in transporting to and settling in Latin America selected immigrants from that portion of the Ryukyuan Archipelago under United States administration."

[SEC. 707. Section 523(d) of the Mutual Security Act of 1954, as amended (22 U.S.C. 1783(d)), is amended by striking out the words "achievement of United States foreign policy objectives" and inserting in lieu thereof the words "prevention of improper currency transactions".

[SEC. 708. The Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), is further amended as follows:

[(1) In the second sentence of section 701, strike "to the extent that space is available therefor"; substitute "members of family" for "spouses"; and add before the period "or while abroad".

[(2) Amend section 872 by striking out subsections (b) and (c) and inserting in lieu thereof the following:

["(b) When any such retired officer or employee of the Service is reemployed, the employer shall send a notice to the Department of State of such reemployment together with all pertinent information relating thereto, and shall pay directly to such officer or employee the salary of the position in which he is serving.

["(c) In the event of any overpayment under this section, such overpayment shall be recovered by withholding the amount involved from the salary payable to such reemployed officer or employee, or from any other moneys, including his annuity, payable in accordance with the provisions of this title."

[(3) In section 911, add the following new paragraphs (9) and 10):

["(9) the travel expenses of officers and employees of the Service who are citizens of the United States, and members of their families, while serving at posts specifically designated by the Secretary for purposes of this paragraph, for rest and recuperation to other locations abroad having different environmental conditions than those at the post at which such officers and employees are serving, provided that such travel expenses shall be limited to the cost for each officer or employee and members of his family on one round trip during any coutinuous two-year tour unbroken by home leave and two rounds trips during any continuous three-year tour unbroken by home leave;

["(10) the travel expenses of members of the family accompanying, preceding, or following an officer or employee if, while he is en route to his post of assignment, he is ordered temporarily for orientation and training or is given other temporary duty."

[(4) Amend section 933(a) to read as follows:

["(a) The Secretary may order to the continental United States, its territories and possessions, on statutory leave of absence any officer or employee of the Service who is a citizen of the United States upon completion of eighteen months' continuous service abroad and shall so order as soon as possible after completion of three years of such service."

[(5) Amend the title of section 942 and subsection (a) thereof to read as follows:

["TRAVEL FOR MEDICAL PURPOSES

["SEC. 942. (a) In the event an officer or employee of the Service who is a citizen of the United States or one of his dependents, requires medical care, for illness or injury not the result of vicious habits, intemperance or misconduct, while stationed abroad in a locality where there is no qualified person or facility to provide such care, the Secretary may, in accordance with such regulations as he may prescribe, pay the travel expenses of such person by whatever means he shall deem appropriate, including the furnishing of transportation, and

without regard to the Standardized Government Travel Regulations and section 10 of the Act of March 3, 1933, as amended (60 Stat. 808; 5 U.S.C. 73b), to the nearest locality where suitable medical care can be obtained. If any such officer, employee, or dependent is too ill to travel unattended, or in the case of a dependent too young to travel alone, the Secretary may also pay the round-trip travel expenses of an attendant or attendants."

[SEC. 709. Section 2 of the Act of July 31, 1945, as amended (22 U.S.C. 279a), is hereby amended to read as follows:

["SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be required for expenditure under the direction of the Secretary of State, for the payment by the United States of its proportionate share in the expenses of the Organization: *Provided*, That the percentage contribution of the United States to the total annual budget of the Organization shall not exceed 33.33 per centum."

[SEC. 710. (a) The first section of the Act entitled "An Act to authorize participation by the United States in the Interparliamentary Union", approved June 28, 1935, as amended (22 U.S.C. 276), is amended by striking out "$33,000" and "$15,000" and inserting in lieu thereof "$48,000" and "$30,000", respectively.

[(b) The amendments made by this section shall be effective only for the fiscal year 1962.]

SECTION 2 OF THE ACT OF AUGUST 1, 1956 (70 STAT. 890)

SEC. 2. The Secretary of State, when funds are appropriated therefor, may—

(a) provide for printing and binding outside the States of the United States and the District of Columbia without regard to section 11 of the Act of March 1, 1919 (44 U.S.C. 111);

(*b*) *for the purpose of promoting and maintaining friendly relations with foreign countries through the prompt settlement of certain claims, settle and pay any meritorious claim against the United States which is presented by a government of a foreign country for damage to or loss of real or personal property of, or personal injury to or death of, any national of such foreign country: Provided, That such claim is not cognizable under any other statute or international agreement of the United States and can be settled for not more than $15,000 or the foreign currency equivalent thereof.*

(c) employ aliens, by contract, for services abroad;

(d) provide for official functions and courtesies;

(e) purchase uniforms; and

(f) pay tort claims, in the manner authorized in the first paragraph of section 2672, as amended, of title 28 of the United States Code when such claims arise in foreign countries in connection with Department of State operations abroad.

FIRST SECTION OF THE ACT OF JUNE 28, 1935 (22 U.S.C. 276)

An appropriation of $33,000 annually is hereby authorized, $18,000 of which shall be for the annual contribution of the United States toward the maintenance of the Bureau of the Interparliamentary Union for the promotion of international arbitration; and $15,000, or so much thereof as may be necessary, to assist in meeting the expenses of the American group of the Interparliamentary Union for each fiscal year for which an appropriation is made, such appropriation to be disbursed on vouchers to be approved by the President and the executive secretary of the American group. *Not less than two of the principal delegates to each of the Conferences of the Interparliamentary Union shall be members of the House Committee on Foreign Affairs, and not less than two of such delegates shall be members of the Senate Committee on Foreign Relations.*

○

U. S. DEPARTMENT OF AGRICULTURE
LAW LIBRARY
LEGISLATIVE REPORTING

Union Calendar No. 749

87TH CONGRESS
2D SESSION

H. R. 11921

[Report No. 1788]

IN THE HOUSE OF REPRESENTATIVES

MAY 28, 1962

Mr. MORGAN introduced the following bill; which was referred to the Committee on Foreign Affairs

JUNE 7, 1962

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

---

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1962".

PART I—ACT FOR INTERNATIONAL DEVELOPMENT OF 1961

CHAPTER 1—SHORT TITLE AND POLICY

SEC. 101. The fifth paragraph of section 102 of the Foreign Assistance Act of 1961, as amended, containing a statement of policy, is amended by inserting in the fifth para-

graph, immediately after "religion.", the following: "The Congress further declares that any attempt by foreign nations to make distinctions between American citizens because of race, color, or religion in the granting of personal or commercial access or in the exercise of any other rights available to American citizens, or the use by any foreign nation of assistance made available by the United States to carry out any program or activity of such nation in the course of which discrimination is practiced against any citizen of the United States by reason of his race, color, or religion is repugnant to our principles; and in all negotiations with any foreign nation with respect to any funds appropriated under authority of this Act, these principles shall be applied. The Secretary of State shall report annually on the measures taken to apply the principles stated above."

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

SEC. 102. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

(a) In section 211, which relates to general authority, add a new subsection (c) as follows:

"(c) Not to exceed $1,000,000 of the funds made avail-

able for the purposes of this section in any fiscal year may be used for programs designed to promote the peaceful uses of atomic energy outside the United States and such programs may be carried out only in accordance with the requirements of this section."

(b) In section 212, which relates to authorization, strike out "1962" and "$380,000,000" and substitute "1963" and "$300,000,000", respectively.

(c) Strike out section 213, which relates to atoms for peace.

TITLE III—INVESTMENT GUARANTIES

SEC. 103. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221 (b), which relates to general authority, as follows:

(1) In paragraph (1) strike out "$1,000,000,000" in the proviso and substitute "$1,300,000,000".

(2) In paragraph (2) strike out "of not to exceed 75 per centum of any investment" and substitute "in whole or in part of any loan investment for housing projects or assuring against loss of not to exceed 75 per centum of any other investment,", and strike out "$90,000,000" in the third proviso and substitute "$180,000,000".

(b) Amend section 222, which relates to general provisions, as follows:

(1) In subsection (d) insert ", and out of funds made available pursuant to this title" before the period.

(2) Add the following new subsection (f):

"(f) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1963 to carry out the purposes of this title not to exceed $100,000,000 which shall remain available until expended."

(c) Amend section 224, which relates to housing projects in Latin American countries, as follows:

(1) In subsection (b) strike out "$10,000,000" in the second sentence and substitute "$60,000,000".

(2) In subsection (c) strike out "and (e)" and substitute "(e), and (f)".

TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

SEC. 104. Section 232 of the Foreign Assistance Act of 1961, as amended, which relates to surveys of investment opportunities, is amended by striking out "1962" and "$5,000,000" and substituting "1963" and "$1,500,000", respectively.

ALLIANCE FOR PROGRESS

SEC. 105. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development

assistance, is amended by adding at the end a new title VI, as follows:

"TITLE VI—ALLIANCE FOR PROGRESS

"SEC. 251. GENERAL AUTHORITY.—(a) It is the sense of the Congress that the historic, economic, political, and geographic relationships among the American peoples and Republics are unique and of special significance and that the Alliance for Progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relationships among them. It is further the sense of Congress that vigorous measures by the countries and areas of Latin America to mobilize their own resources for economic development and to adopt reform measures to spread the benefits of economic progress among the people are essential to the success of the Alliance for Progress and to continued significant United States assistance thereunder. The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

"(b) Assistance furnished under this title shall be directed toward the development of human as well as economic resources. In furnishing assistance under this title, the President shall take into account (1) the principles of

the Act of Bogotá and the Charter of Punta del Este and, in particular, the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives; and (4) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved. In making loans under this title from funds which are required to be used for loans payable as to principal and interest in United States dollars, the President shall take into account, in addition to the considerations named in the preceding sentence, whether financing could be obtained in whole or in part from other free world sources on reasonable terms. The provisions of sections 201 (d), 202 (b), 202 (c), and 204 shall be applicable to such loans, and they shall be made only upon a finding of reasonable prospects of repayment.

"(c) The authority of section 614 (a) may not be used to waive the requirements of this title with respect to funds made available for this title which are required to be used for loans payable as to principal and interest in United

States dollars, and the authority of section 610 may be used to transfer such funds only to funds made available for title I of chapter 2 of part I.

"(d) In order to carry out the policies of this Act and the purpose of this title, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to insuring a wider and more equitable distribution of the ownership of land.

"SEC. 252. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, for use beginning in each of the fiscal years 1963 through 1966, not to exceed $600,000,000 for each such fiscal year which sums are authorized to remain available until expended and which, except for not to exceed $100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1963, shall be available only for loans payable as to principal and interest in United States dollars. In presenting requests to the Congress for authorizations for appropriations for fiscal years 1964 through 1966 to carry out other programs under this Act, the President shall also present the program proposed to be carried out from funds appropriated pursuant to the authorization contained in this section for the respective fiscal year.

"SEC. 253. FISCAL PROVISIONS.—All receipts in United States dollars from loans made under this title and from loans made for the benefit of countries and areas of Latin America under title I of chapter 2 of part I of this Act, notwithstanding section 203, shall be available for use for loans payable as to principal and interest in United States dollars in furtherance of the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended."

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 106. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out "1962" and "$153,500,000" and substituting "1963" and "$148,900,000", respectively.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 107. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out "1962" and "$465,000,000" and substituting "1963" and "$440,000,000", respectively.

CHAPTER 5—CONTINGENCY FUND

SEC. 108. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended as follows:

(a) Amend subsection (a) by striking out "1962" and "$300,000,000" and substituting "1963" and "$275,000,000", respectively.

(b) Amend subsection (b) by striking out "keep" and substituting "provide quarterly reports to" and by striking out "currently informed of the use" and substituting "on the programing and the obligation".

CHAPTER 6—ASSISTANCE TO AGRARIAN ECONOMIES

SEC. 109. Section 461 of the Foreign Assistance Act of 1961, as amended, which relates to assistance to countries having agrarian economies, is amended by adding at the end thereof the following: "In such country emphasis shall be placed also upon programs of community development which will promote stable and responsible governmental institutions at the local level."

PART II—INTERNATIONAL PEACE AND SECURITY ACT OF 1961

CHAPTER 2—MILITARY ASSISTANCE

SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance is amended as follows:

(a) In section 506, which relates to conditions of eligibility, add the following new subsection:

"(c) Any country which hereafter uses defense articles

or defense services furnished such country under this Act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance Act where such use is in violation of the provisions of this chapter or any agreements entered into pursuant to any of such Acts shall be immediately ineligible for further assistance."

(b) In section 507 (a), which relates to sales, insert "not less than" before "the value" in the first sentence.

(c) In section 507 (b), add a new sentence to read as follows: "No sales of unclassified defense articles shall be made to the government of any economically developed nation under the provisions of this subsection unless such articles are not generally available for purchase by such nations from commercial sources in the United States: *Provided, however,* That the Secretary of Defense may waive the provisions of this sentence when he determines that the waiver of such provisions is in the national interest."

(d) In section 510 (a), which relates to special authority, strike out "1962" in the first and second sentences and substitute "1963".

PART III

Chapter 1—General Provisions

Sec. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) In section 611(a), which relates to completion of plans and cost estimates, strike out "and II" and substitute ", II, and VI".

(b) Strike out section 618, which relates to economic assistance to Latin America, and substitute a new section 618 as follows:

"SEC. 618. USE OF SETTLEMENT RECEIPTS.—United States dollars directly paid to the United States under the Agreement Between the United States of America and Japan Regarding the Settlement of Postwar Economic Assistance to Japan may be appropriated or otherwise made available to the President in any appropriation Act, within the limitations of part I of this Act, to carry out the provisions of that part."

(c) In section 620(c), which relates to prohibitions against furnishing assistance to governments indebted to American citizens, insert "or ordered" after "furnished", insert "either" after "remedies and", and immediately before the period at the end thereof insert "or indebtedness arises under an unconditional guaranty of payment given by such government or any predecessor government".

(d) In section 620, which relates to restrictions on assistance to certain countries, add the following new subsection:

"(e) The President shall suspend assistance to the

government of any country to which assistance is provided under this Act when the government of such country or any governmental agency within such country—

"(1) nationalizes or expropriates or seizes the ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

"(2) imposes or enforces discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country fails within a reasonable time (not more than six months) to take appropriate steps to discharge its obligations toward such citizen or entity, including equitable and speedy compensation for such property in convertible foreign exchange, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be, unless the President determines such suspension to be inconsistent with the national interest, and such suspension shall continue until he is satisfied that appropriate steps are being taken."

CHAPTER 2—ADMINISTRATIVE PROVISIONS

SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

(a) In section 621, which relates to exercise of functions, delete "(a)" and strike out subsections (b), (c), (d), and (e).

(b) Amend section 624, which relates to statutory officers, by striking out subsection (d) and redesignating subsection (e) as subsection "(d)", inserting in paragraph 2(A) of redesignated subsection (d) ", and programs being conducted by United States Government agencies under Public Law 86–735," after "Peace Corps", and inserting in paragraphs (5) and (7) of redesignated subsection (d) ", and Public Law 86–735" after "part II of this Act".

(c) Amend section 625, which relates to employment of personnel, as follows:

(1) In subsection (b) strike out "seventy-six" in the first sentence and substitute "one hundred".

(2) In subsection (d) add the following proviso before the period at the end of paragraph (2): ": *Provided further*, That, whenever the President determines it to be important for the purposes of this Act, the Presi-

dent may initially assign personnel under this paragraph for duty within the United States for a period not to exceed two years for the purpose of preparation for assignment outside the United States; however, the authority contained in this proviso may not be exercised with respect to more than thirty persons in the aggregate."

(d) In section 629 (b), which relates to status of personnel detailed, strike out "624 (e)" in the first sentence and substitute "624 (d)".

(e) (1) In section 634 (d), which relates to reports and information, strike out "In January of each year" and "preceding twelve months" in the first sentence and substitute "At the end of each fiscal year" and "fiscal year" respectively.

(2) After the first sentence of such section 634 (d) insert the following: "There shall also be included in the presentation material submitted to the Congress during its consideration of amendments to this Act, or of any Act appropriating funds pursuant to authorizations contained in this Act, a comparison of the current fiscal year programs and activities with those presented to the Congress in the previous year and an explanation of any changes."

(f) In section 635 (h), which relates to general authorities, strike out "and V" and substitute ", V, and VI" and strike out "made".

(g) In section 637 (a), which relates to administrative expenses, strike out "1962" and substitute "1963".

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 303. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended as follows:

(a) Section 643, which relates to saving provisions, is amended by striking out subsection (d).

(b) Section 644 (m), which relates to definitions, is amended by striking out "as grant assistance" in subparagraphs (2) and (3).

(c) Section 645, which relates to unexpended balances, is amended by inserting "this Act or" after "pursuant to".

PART IV—AMENDMENTS TO OTHER LAWS

SEC. 401. Part IV of the Foreign Assistance Act of 1961, as amended, is repealed, which repeal shall not be deemed to affect amendments contained in such part.

SEC. 402. Section 2 of the Act of August 1, 1956 (70 Stat. 890), as amended, is further amended by adding after paragraph (a) the following new paragraph:

"(b) for the purpose of promoting and maintaining friendly relations with foreign countries through the prompt settlement of certain claims, settle and pay any meritorious claim against the United States which is presented by a government of a foreign country for damage to or loss of

real or personal property of, or personal injury to or death of, any national of such foreign country: *Provided,* That such claim is not cognizable under any other statute or international agreement of the United States and can be settled for not more than $15,000 or the foreign currency equivalent thereof."

SEC. 403. The first section of the Act entitled "An Act to authorize participation by the United States in the Interparliamentary Union", approved June 28, 1935, as amended (22 U.S.C. 276), is amended by adding at the end thereof the following: "Not less than two of the principal delegates to each of the Conferences of the Interparliamentary Union shall be members of the House Committee on Foreign Affairs, and not less than two of such delegates shall be members of the Senate Committee on Foreign Relations."

Union Calendar No. 749

87TH CONGRESS
2D SESSION

H. R. 11921

[Report No. 1788]

A BILL

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

By Mr. MORGAN

MAY 28, 1962

Referred to the Committee on Foreign Affairs

JUNE 7, 1962

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

U. S. DEPARTMENT OF AGRICULTURE
LAW LIBRARY
LEGISLATIVE REPORTING

87TH CONGRESS
2D SESSION

S. 2996

IN THE SENATE OF THE UNITED STATES

JUNE 7, 1962
Ordered to be printed as passed

AN ACT

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1962".

PART I—ACT FOR INTERNATIONAL DEVELOPMENT OF 1961

CHAPTER 1—SHORT TITLE AND POLICY

SEC. 101. (a) Section 102 of the Foreign Assistance Act of 1961, as amended, containing a statement of policy, is amended by inserting the following sentence at the end of the sixth paragraph: "It is further the sense of Congress

that support for the peaceful uses of atomic energy should be continued, in furtherance of the purposes of this part. It is further the sense of Congress that it is desirable that the programs of assistance under this part to each country receiving such assistance, as well as such country's own programs of economic development, should be reviewed by Advisory Committees appointed by the President to advise the President and the Congress whether such programs will be effective in achieving the purposes of this Act and in bringing about the economic development of such countries."

(b) Such section is further amended by inserting after the seventh paragraph the following:

"It is the sense of Congress that requests for appropriations to carry out programs of assistance under this Act should be accompanied by information with respect to the priorities assigned among the countries receiving assistance for the fiscal year for which appropriations are requested.

"It is further the sense of Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military or propaganda efforts, supported by

the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this Act."

(c) Such section is further amended by inserting at the end of the last paragraph the following new sentence: "It is the sense of Congress that, where feasible, the United States Government invite friendly nations to join in missions to consult with countries which are recipients of assistance under this part on the possibilities for joint action to assure the effective development of plans for the economic development of such recipient countries and the effective use of assistance provided them; and that the President may request the assistance of the International Bank for Reconstruction and Development in bringing about the establishment of such missions."

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

SEC. 102. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

(a) In section 211(a), which relates to general au-

thority, strike out "In so doing" in the second sentence and substitute "In furnishing assistance to countries and areas under this title".

(b) In section 212, which relates to authorization, strike out "1962" and "$380,000,000" and substitute "1963" and "$300,000,000", respectively.

(c) Strike out section 213, which relates to atoms for peace.

TITLE III—INVESTMENT GUARANTIES

SEC. 103. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221(b) which relates to general authority, as follows:

(1) In paragraph (1) strike out "$1,000,000,000" in the proviso and substitute "$1,300,000,000".

(2) In paragraph (2) strike out the words preceding the first proviso and insert in lieu thereof the following: "where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of any loan investment for housing projects with appropriate participation by the private investor in the loan risk and in accordance with the foreign and financial policies of the United States, or

assuring against loss of not to exceed 75 per centum of any other investment due to such risks as the President may determine, upon such terms and conditions as the President may determine".

(3) In paragraph (2) strike out "$90,000,000" in the third proviso and substitute "$180,000,000", and after the word "guaranty" insert the following: "in the case of a loan shall exceed '$25,000,000 and no other such guaranty' ".

(b) Amend section 222, which relates to general provisions, as follows:

(1) In subsection (d) insert ", and out of funds made available pursuant to this title" before the period.

(2) Add the following new subsection (f) :

"(f) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1963 to carry out the purposes of this title not to exceed $100,000,000, which shall remain available until expended."

(c) Amend section 224, which relates to housing projects in Latin American countries, as follows:

(1) In subsection (b) strike out "$10,000,000" in the second sentence and substitute "$60,000,000".

(2) In subsection (c) strike out "and (e)" and substitute "(e), and (f)".

TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

SEC. 104. Section 232 of the Foreign Assistance Act of 1961, as amended, which relates to surveys of investment opportunities, is amended by striking out "1962" and substituting "1963".

ALLIANCE FOR PROGRESS

SEC. 105. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development assistance, is amended by adding at the end a new title VI, as follows:

"TITLE VI—ALLIANCE FOR PROGRESS

"SEC. 251. GENERAL AUTHORITY.—(a) It is the sense of the Congress that the historic, economic, political, and geographic relationships among the American peoples and Republics are unique and of special significance and that the alliance for progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relationships among them. Accordingly, the President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

"(b) Assistance furnished under this title shall be directed toward the development of human as well as economic resources. In furnishing assistance to countries and areas

under this title, the President shall take into account (1) the principles of the Act of Bogotá and the Charter of Punta del Este, and in particular the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives; and (4) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved. In making loans under this title from funds which are required to be used for loans payable as to principal and interest in United States dollars, the President shall take into account, in addition to the considerations named in the preceding sentence, whether financing could be obtained in whole or in part from other free world sources on reasonable terms and the efforts made by recipient nations to repatriate capital invested in other countries by their own citizens. The provisions of sections 201 (d), 202 (b), 202 (c), and 204 shall be applicable to such loans, and they shall be made only upon a finding of reasonable prospects of repayment.

"(c) The authority of section 614 (a) may not be used

to waive the requirements of this title with respect to funds made available for this title which are required to be used for loans payable as to principal and interest in United States dollars, and the authority of section 610 may be used to transfer such funds only to funds made available for title I of chapter 2 of part I.

"(d) In order to carry out the policies of this Act and the purpose of this title, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to insuring a wider and more equitable distribution of the ownership of land.

"(e) In furnishing assistance under this title, consistently with and for the purposes of section 601 (b) (4) of this Act, the Agency for International Development or any other departments and agencies designated by the President shall provide such assistance as may be determined by the President to be necessary from time to time in order to make effective the efforts of the Commerce Committee for the Alliance for Progress, established under the Department of Commerce.

"SEC. 252. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, not to exceed $600,000,000 for use beginning in the

fiscal year 1963 and not to exceed $800,000,000 for use beginning in each of the fiscal years 1964 through 1966, which sums are authorized to remain available until expended and which, except for not to exceed $100,000,000 of the funds appropriated pursuant to this section for use beginning in the fiscal year 1963, shall be available only for loans payable as to principal and interest in United States dollars."

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 106. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out "1962" and "$153,500,000" and substituting "1963" and "$148,900,000", respectively.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 107. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out "1962" and "$465,000,000" and substituting "1963" and "$400,000,000", respectively.

CHAPTER 5—CONTINGENCY FUND

SEC. 108. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended.

PART II—INTERNATIONAL PEACE AND SECURITY ACT OF 1961

CHAPTER 2—MILITARY ASSISTANCE

SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) In section 506, which relates to conditions of eligibility, add a new subsection as follows:

"(c) The President shall regularly reduce, and, with such deliberate speed as orderly procedure and other relevant considerations, including prior commitments, will permit, shall terminate, all further grants of military equipment and supplies to any country having sufficient wealth to enable it, in the judgment of the President, to maintain and equip its own military forces at adequate strength, without undue burden to its economy."

(b) In section 507 (a), which relates to sales, insert "not less than" before "the value" in the first sentence.

(c) In section 510 (a), which relates to special authority, strike out "1962" in the first and second sentences and substitute "1963".

(d) In section 511 (b), which relates to restrictions on military aid to Latin America, strike out "military assistance programs" and insert "grant programs of defense articles".

PART III

CHAPTER 1—GENERAL PROVISIONS

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) In section 606, which relates to patents and technical information, strike out subsection (c).

(b) In section 610, which relates to transfers between accounts, designate the present language as subsection (a) and add the following new subsection:

"(b) The authority contained in this section and in sections 451, 510, and 614 shall not be used to augment appropriations made available pursuant to section 636(g)(1) and 637 or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses."

(c) In section 611(a), which relates to completion of plans and cost estimates, strike out "and II" and substitute ", II, and VI".

(d) Strike out section 618, which relates to economic assistance to Latin America, and substitute a new section 618 as follows:

"SEC. 618. USE OF SETTLEMENT RECEIPTS.—United States dollars directly paid to the United States under the Agreement Between the United States of America and Japan

Regarding the Settlement of Postwar Economic Assistance to Japan may be appropriated or otherwise made available to the President in any appropriation Act, within the limitations of part I of this Act, to carry out the provisions of that part."

(e) Amend section 620, which relates to restrictions on assistance to certain countries, as follows:

(1) Amend subsection (c) to read as follows:

"(c) No assistance shall be provided under this Act to the government of any country which is indebted to any United States citizen for goods or services furnished or ordered where (i) such citizen has exhausted available legal remedies, which shall include arbitration, or (ii) the debt is not denied or contested by such government, or (iii) such indebtedness arises under an unconditional guaranty of payment given by such government, or any predecessor government, directly or indirectly, through any controlled entity: *Provided*, That the President does not find such action contrary to the national security."

(2) Add the following new subsections:

"(e) In any case in which the President determines that a nation or a political subdivision thereof has after January 1, 1962, (1) nationalized, expropriated, or otherwise seized the ownership or control of the property of United States citizens or entities referred to in section 221(b), or (2)

imposed upon or enforced against such property or the owners thereof discriminatory taxes or other exactions, or restrictive maintenance or operational conditions not imposed or enforced with respect to property of a like nature owned or operated by its own nationals or the nationals of any government other than the Government of the United States, and has failed within six months following the taking of action in either of such categories to take steps determined by the President to be appropriate and adequate to remedy such situation and to discharge its obligations under international law toward such citizens and entities, including the prompt payment in convertible foreign exchange to the owner or owners of such property so nationalized, expropriated, or otherwise seized, or to arrange, with the agreement of the parties concerned, for submitting the question in dispute to arbitration or conciliation in accordance with procedures under which a final and binding decision or settlement will be reached and full payment or arrangements with the owners for such payment made within twelve months following such submission, the President shall suspend assistance under this Act to such nation until he is satisfied that appropriate steps are being taken and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

"(f) Assistance to India under this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, during the fiscal year 1963 shall not exceed the value of funds obligated or committed for such assistance during the fiscal year 1962.

"(g) No assistance shall be furnished under this Act and no commodities may be sold or given under the Agricultural Trade Development and Assistance Act of 1954, as amended, to any country known to be dominated by communism or Marxism. This restriction may not be waived pursuant to any authority contained in this Act.

"(h) Nothing contained in subsection (g) shall be deemed to prohibit assistance under the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, if prior to furnishing such assistance the President finds (1) that a recipient country is not participating directly or indirectly in any policy or program for the Communist conquest of the world, and (2) that such recipient country is not controlled by any country promoting the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States, and (4) that the President notifies the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of

the House of Representatives of his intention to furnish such assistance."

CHAPTER 2—ADMINISTRATIVE PROVISIONS

SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

(a) In section 621, which relates to exercise of functions, delete "(a)" and strike out subsections (b), (c), (d), and (e).

(b) Amend section 624, which relates to statutory officers, by striking out subsection (d) and redesignating subsection (e) as subsection "(d)", inserting in paragraph 2(A) of redesignated subsection (d) ", and programs being conducted by United States Government agencies under Public Law 86–735," after "Peace Corps", and inserting in paragraphs (5) and (7) of redesignated subsection (d) ", and Public Law 86–735" after "part II of this Act".

(c) Amend section 625, which relates to employment of personnel, as follows:

(1) In subsection (b) strike out "seventy-six" in the first sentence and substitute "one hundred and twenty-five".

(2) In subsection (d) add the following proviso before the period at the end of paragraph (2): ": *Pro-*

vided further, That, whenever the President determines it to be important for the purposes of this Act, the President may initially assign personnel under this paragraph for duty within the United States for a period not to exceed one year pending assignment outside the United States."

(d) In section 629 (b), which relates to status of personnel detailed, strike out "624 (e)" in the first sentence and substitute "624 (d)".

(e) In section 634 (a), which relates to reports and information, insert the following before the period at the end of the second sentence: "and on progress under the freedom of navigation and nondiscrimination declaration contained in section 102".

(f) In section 635 (h), which relates to general authorities, strike out "and V" and substitute ", V, and VI" and strike out "made".

(g) Amend section 637, which relates to administrative expenses, as follows:

(1) In subsection (a) strike out "1962" and "$50,000,000" and substitute "1963" and "$55,000,000", respectively.

(2) In subsection (b) strike out "to the Secretary of State".

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 303. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended as follows:

(a) Section 643, which relates to saving provisions, is amended by striking out subsection (d).

(b) Section 644(m), which relates to definitions, is amended by striking out "as grant assistance" in subparagraphs (2) and (3).

(c) Section 645, which relates to unexpended balances, is amended by inserting "this Act or" after "pursuant to".

PART IV—AMENDMENTS TO OTHER LAWS

SEC. 401. Part IV of the Foreign Assistance Act of 1961, as amended, is repealed, which repeal shall not be deemed to affect amendments contained in such part.

SEC. 402. Section 2 of the Act of August 1, 1956 (70 Stat. 890), as amended, is further amended by adding the following new paragraph:

"(b) For the purpose of promoting and maintaining friendly relations with foreign countries through the prompt settlement of certain claims, settle and pay any meritorious claim against the United States which is presented by a government of a foreign country for damage to or loss of real or personal property of, or personal injury to or death

of, any national of such foreign country: *Provided,* That such claim is not cognizable under any other statute or international agreement of the United States and can be settled for not more than $15,000 or the foreign currency equivalent thereof."

SEC. 403. Section 102(a)(3) of the Mutual Educational and Cultural Exchange Act of 1961 (Public Law 87–256, approved September 21, 1961) is hereby amended by inserting the word "abroad" after the word "expositions". The amendment made by this section shall not be applicable with respect to any fair or exposition within the United States for which an appropriation has been provided.

SEC. 404. The first section of the Act authorizing participation in the Interparliamentary Union (22 U.S.C. 276) is amended to read as follows:

"An appropriation of $48,000 annually is authorized, $21,000 of which shall be for the annual contributions of the United States toward the maintenance of the Bureau of the Interparliamentary Union for the promotion of international arbitration; and $27,000, or so much thereof as may be necessary, to assist in meeting the expenses of the American group of the Interparliamentary Union for each fiscal year for which an appropriation is made, such appropriation to be disbursed on vouchers to be approved by the President and the executive secretary of the American group."

PART V—MIGRATION AND REFUGEE ASSISTANCE PROGRAMS

SEC. 501. This part may be cited as the "Migration and Refugee Assistance Act of 1962".

SEC. 502. (a) The President is hereby authorized to continue membership for the United States in the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of refugees and migrants and to enhance the economic progress of the developing countries by providing for a coordinated supply of selected manpower, there are hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee for the effectuation of its purposes, and all necessary salaries and expenses incident to United States participation in the Committee.

(b) There are hereby authorized to be appropriated such amounts as may be necessary from time to time—

(1) for contributions to the activities of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate or in behalf of whom he is exercising his good offices;

(2) for assistance to or in behalf of refugees designated by the President (by class, group, or designation

of their respective countries of origin or areas of residence) when the President determines that such assistance will contribute to the defense, or to the security, or to the foreign policy interests of the United States;

(3) for assistance to or in behalf of refugees in the United States whenever the President shall determine that such assistance would be in the interest of the United States: *Provided,* That the term "refugees" as herein used means aliens who (A) because of persecution or fear of persecution on account of race, religion, or political opinion, fled from a country of the Western Hemisphere; (B) cannot return thereto because of fear of persecution on account of race, religion, or political opinion; and (C) are in urgent need of assistance for the essentials of life;

(4) for assistance to State or local public agencies providing services for substantial numbers of individuals who meet the requirements of paragraph (3) (other than clause (C) thereof) for (A) health services and educational services to such individuals, and (B) special training for employment and services related thereto;

(5) for transportation to, and resettlement in, other areas of the United States of individuals who meet the requirements of paragraph (3) (other than clause (C) thereof) and who, having regard for their income and

other resources, need assistance in obtaining such services; and

(6) for establishment and maintenance of projects for employment or refresher professional training of individuals who meet the requirements of paragraph (3) (other than clause (C) thereof) and who, having regard for their income and resources, need such employment or need assistance in obtaining such retraining.

(c) Whenever the President determines it to be important to the national interest, not exceeding $10,000,000 in any fiscal year of the funds made available for use under the Foreign Assistance Act of 1961, as amended, may be transferred to, and consolidated with, funds made available for this part in order to meet unexpected urgent refugee and migration needs.

(d) The President shall keep the appropriate committees of Congress informed of the use of funds and the exercise of functions authorized in this part.

(e) Unexpended balances of funds made available under authority of the Mutual Security Act of 1954, as amended, and of the Foreign Assistance Act of 1961, as amended, and allocated or transferred for the purposes of sections 405 (a), 405 (c). 405 (d), and 451 (c) of the Mutual Security Act of 1954, as amended, are hereby authorized to be continued available for the purposes of this section and may be consol-

idated with appropriations authorized by this section. Funds appropriated for the purposes of this section shall remain available until expended.

SEC. 503. (a) In carrying out the purposes of this part, the President is authorized—

(1) to make loans, advances, and grants to, make and perform agreements and contracts with, or enter into other transactions with, any individual, corporation, or other body of persons, Government or Government agency, whether within or without the United States, and international and intergovernmental organizations; and

(2) to accept and use money, funds, property, and services of any kind made available by gift, devise, bequest, grant, or otherwise for such purposes.

(b) Whenever the President determines it to be in furtherance of the purposes of this part, the functions authorized under this part may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951 (65 Stat. 7), as amended) regulating the making, performance, amendment, or modification of contracts and the expenditure of funds of the United States Government as the President may specify.

SEC. 504. (a) The President is authorized to designate the head of any department or agency of the United States

Government, or any official thereof who is required to be appointed by the President by and with the advice and consent of the Senate, to perform any functions conferred upon the President by this part. If the President shall so specify, any individual so designated under this subsection is authorized to redelegate to any of his subordinates any functions authorized to be performed by him under this subsection, except the function of exercising the waiver authority specified in section 503 (b) of this part.

(b) The President may allocate or transfer to any agency of the United States Government any part of any funds available for carrying out the purposes of this part. Such funds shall be available for obligation and expenditure for the purposes for which authorized in accordance with authority granted in this part or under authority governing the activities of the agencies of the United States Government to which such funds are allocated or transferred. Funds allocated or transferred pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

SEC. 505. (a) Funds available for the purposes of this part shall be available for—

(1) compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purpose of this part,

and without regard to the provisions of any other law, for printing and binding, and for expenditures outside the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of funds of the United States Government as may be necessary to accomplish the purposes of this part;

(2) employment or assignment of Foreign Service Reserve officers for the duration of operations under this part;

(3) exchange of funds without regard to section 3651 of the Revised Statutes (31 U.S.C. 543), and loss by exchange;

(4) expenses authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), not otherwise provided for;

(5) expenses authorized by the Act of August 1, 1956 (70 Stat. 890–892), as amended; and

(6) all other expenses determined by the President to be necessary to carry out the purposes of this part.

(b) Except as may be expressly provided to the contrary in this part, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued,

undertaken, or entered into under authority of any provision of law repealed by this part shall continue in full force and effect until modified, revoked, or superseded under the authority of this part.

SEC. 506. Subsections (a), (c), and (d) of section 405 of the Mutual Security Act of 1954, as amended, subsection (c) of section 451 of the said Act, and the last sentence of section 2 (a) of the Act of July 14, 1960 (74 Stat. 504), are hereby repealed.

SEC. 507. Until the enactment of legislation appropriating funds for activities under this part, such activities may be conducted with funds made available under section 451 (a) of the Foreign Assistance Act of 1961, as amended.

Passed the Senate June 7, 1962.

Attest: FELTON M. JOHNSTON,

Secretary.

87TH CONGRESS
2D SESSION

S. 2996

AN ACT

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 7, 1962

Ordered to be printed as passed

The statistics on the number of Jewish students, specialists with higher and middle education, scientists, and the categories mentioned above, if correct, are very impressive as testimony of the role played by Jews in these categories and professions in both the Soviet and pre-Soviet periods. The figures alone, of course, are useful for the Soviet regime in its efforts to counter charges of discrimination against and repression of Jews. If, however, these current figures are compared with the last previous figures of this nature released in 1935 or thereabouts, a much less attractive picture of the status of the Jews emerges.

For example: the percentage of students in Soviet institutions of higher learning in 1960–61 is 3.2 percent; the proportion of Jews in the total population is 1.1 percent; the ratio between the two expressed in percentage is 291 percent. This is a remarkable ratio, as noted above, when compared with next highest of the Soviet minorities, the Georgians, which is 166 percent, and the Russians which is 113 percent.

When compared with similar ratio for 1935, however, the picture is different; the Jewish ratio has dropped from 739 percent for that year to the present 291 percent; the Georgians have suffered a similar drop from 292 percent to 166 (primarily since 1956); but the Russians have risen from 103 percent to 113 percent and Central Asiatic nationalities have experienced even greater increases. This drop in the Jewish ratio is clear evidence of the resort by the regime to discriminatory measures against Jews in access to higher education and is not accidental. The fall of the percentage of Jews in the total population from 1.8 percent in 1935 to 1.1 percent in 1959 is likewise of a magnitude that cannot be explained away by normal wartime losses or other factors, and an equivalent drop did not occur for any other sizable Soviet minority.

The data given on Jewish publications in the letter is also misleading. The magazine Sovetisch Heimland is cited as evidence of recognition of Jewish desires when in reality it has only just started publication. Moreover, in 1935 there were 7 magazines being published in Yiddish and their total edition was 55,000 copies. Similarly, the books cited as published by Jewish writers are published in Russian and not in Yiddish. The number that have been published in Yiddish in the last several years, when such publication was again resumed, can be counted on one hand. In contrast, in 1933 alone there were 334 books published in Yiddish and 45 in the Georgian Jewish dialect. The editions totaled 2,060,000 and 49,000 copies, respectively.

The brief comments in the letter on the status of the Jewish religion deserve little comment. I am sure you are well aware of the increasing evidence of interference with the Jewish religion in recent years which has been publicized by the national press services, New York Times, New York Herald Tribune, and such organizations as the Synagogue Council of America, B'nai B'rith and Jewish Minorities Research. The desecration of cemeteries, closing of synagogues, dispersing of prayer meetings, arrests of lay leaders, prohibition of certain Jewish religious practices, etc., have been well established.

Soviet dissemination of this document is a sign of increased sensitivity to charges of anti-Semitism and is no doubt calculated to counter recent foreign publicity of deliberate anti-Semitic actions by the Soviet regime. The anti-Jewish measures are a more apparent part of a general campaign against religious practices and groups in recent years, which itself falls within the context of a broad regime effort toward greater ideological orthodoxy and political consciousness among the population.

If the Department may be of further assistance, please let me know.

Sincerely yours,

FREDERICK G. DUTTON,
Assistant Secretary.

Mr. JAVITS. Mr. President, the Department's letter makes the following important points.

First. That there "is clear evidence of the resort by the—Soviet—regime to discriminatory measures against Jews in access to higher education."

Second. That "the desecration of cemeteries, closing of synagogues, dispersing of prayer meetings, arrests of lay leaders, prohibition of certain Jewish religious practices, et cetera, have been well established."

Finally, the State Department concludes that the Soviet Government's dissemination of this open letter in reply to my charges "is a sign of increased sensitivity to charges of anti-Semitism and is no doubt calculated to counter recent foreign publicity of deliberate anti-Semitic actions by the Soviet regime."

This point should be underscored, and should encourage the American people to continue to call attention to anti-Jewish persecution in the Soviet Union. Private appeals to the Soviet Government on humane grounds would minimize the possibility of confusing the Soviet Jewish problem with cold war issues.

So I emphasize that the letter of comment by the State Department is addressed to me, and is in no sense a Department declaration. In the letter the Department gives me its candid appraisal of the points made in the open letter.

I believe the open letter from five Soviet Jews to be an official Soviet reaction; and, rather than answering my original charges of anti-Jewish persecution, it really confirms and substantiates them.

The Soviet press agency Novosti was set up in early 1961 as an unofficial press service with headquarters in Moscow. It is allegedly backed by the Soviet Unions of Journalistists and Writers, the Society of Friendship and Relations with Foreign Countries, and the Soviet for Dissemination of Scientific and Political Knowledge. Removed from the Soviet jargon, these mass or popular organizations are nothing more than camouflaged voices of Soviet official policy.

It is important to note the point, which is borne out, namely, that Jewish culture in the Soviet Union suffered a total suppression beginning in 1948, and culminating in 1952, with the execution of almost all of the leading Yiddish-language writers, ostensibly for having conspired to turn the Crimea into a secessionist Jewish state. Although many of the crimes of the Stalin era have been denounced in recent years, and even though some of the writings of Jews killed during that anti-Semitic purge have been republished, none of them has been publicly rehabilitated, although their innocence has implicitly been admitted. Among those who were shot at the time was the poet Itzik Feffer, some of whose works have reappeared in recent years. In one such volume the introduction to Feffer's poems makes no reference to the fact that he was shot for a crime he did not commit, and even ironically speaks of "his biography—a natural one for a Soviet writer."

The ACTING PRESIDENT pro tempore. The time yielded to the Senator from New York has expired.

Mr. JAVITS. Mr. President, let me ask whether I may have 2 additional minutes on the bill.

Mr. AIKEN. Mr. President, I am authorized to yield to the Senator from New York 2 minutes of the time under the control of the majority leader.

Mr. JAVITS. I thank the Senator very much.

The ACTING PRESIDENT pro tempore. The Senator from New York is recognized for 2 additional minutes.

Mr. JAVITS. Mr. President, with respect to the Soviet state's attitude toward the Jewish faith, one should note that its physical necessities are made virtually unobtainable. Kosher food, unleavened bread, and the like are either almost impossible to come by or are totally so. In addition, Soviet attacks on Judaism in provincial newspapers and over provincial radio stations—sources not normally accessible to the West—indulge in the grossest type of blatant anti-Judaism. For example, the Dagestan newspaper, Kommunist, the Communist Party organ for a republic of a million and a half inhabitants, asserted on August 9, 1960, in an attack on Judaism that "a Jew who does not drink the blood of Moslems at least once a year is not considered a true believer." Retraction of this statement was obtained with great difficulty a month later. Even then the editor and writer were absolved of "ill will" and allowed to plead "ignorance."

We have noted an increase in Soviet Government campaigns against organized religion as a whole, but nothing comparable with respect to what is being done against Jews of the Soviet Union, and there are at least 2½ million there.

To this day, Soviet individual identification papers must bear the word "Jewish" as a description of the bearer's "nationality." The Soviets are traditionally sensitive to contacts between Soviet citizens and foreign groups of all types. The allegations of offenses by Soviet Jews seem to fit the broader pattern of continuing Soviet oppression of their nationals who seek contact with foreigners or with alien creeds of any type.

I hope the world opinion which is being marshaled to call the Soviet Union to account for these activities may express itself, as the facts I have referred to are now fundamentally confirmed.

AMENDMENT OF THE FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. MANSFIELD. Mr. President, I send an amendment to the desk and ask for its consideration.

The ACTING PRESIDENT pro tempore. The amendment offered by the Senator from Montana will be stated.

The LEGISLATIVE CLERK. It is proposed on page 11, after line 24, to insert the following new subsection:

(h) Nothing contained in subsection (g) shall be deemed to prohibit assistance under the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, if prior to furnishing such assistance the President finds (1) that a recipient country is not participating in any policy or program for the Communist conquest of the world, and (2) that the furnishing of such assistance is in the interest of the national security of the United States, and notifies the Committee on Foreign Relations and the Committee on Appropriations, of the Senate, and the Speaker of the House of Representatives of his intention to furnish such assistance.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. How is the time to be charged?

Mr. MANSFIELD. I ask unanimous consent that it not be taken out of the time allotted to the amendments or the bill under consideration.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. I also wish to notify the attachés of the Senate that this will be a live quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

[No. 79 Leg.]

Aiken	Fong	Monroney
Allott	Goldwater	Morton
Anderson	Gore	Moss
Bartlett	Gruening	Mundt
Beall	Hart	Muskie
Bennett	Hartke	Neuberger
Boggs	Hayden	Pearson
Bush	Hickenlooper	Pell
Butler	Hickey	Prouty
Byrd, Va.	Hill	Proxmire
Byrd, W. Va.	Holland	Randolph
Cannon	Hruska	Robertson
Capehart	Humphrey	Russell
Carlson	Jackson	Saltonstall
Carroll	Javits	Scott
Case, N.J.	Jordan	Smathers
Chavez	Keating	Smith, Mass.
Church	Kefauver	Smith, Maine
Clark	Kerr	Sparkman
Cooper	Kuchel	Stennis
Cotton	Lausche	Symington
Curtis	Long, Mo.	Talmadge
Dirksen	Long, Hawaii	Thurmond
Dodd	Long, La.	Tower
Douglas	Magnuson	Wiley
Dworshak	Mansfield	Williams, N.J.
Eastland	McCarthy	Williams, Del.
Ellender	McGee	Yarborough
Engle	Metcalf	Young, N. Dak.
Ervin	Miller	Young, Ohio

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from North Dakota [Mr. BURDICK], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Michigan [Mr. MCNAMARA], the Senator from Oregon [Mr. MORSE], and the Senator from Rhode Island [Mr. PASTORE] are absent on official business.

I further announce that the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from South Carolina [Mr. JOHNSTON] are necessarily absent.

Mr. KUCHEL. I announce that the Senator from South Dakota [Mr. CASE] and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent.

The ACTING PRESIDENT pro tempore. A quorum is present.

Mr. MANSFIELD. Mr. President, I ask that the amendment proposed by the distinguished minority leader, the Senator from Illinois [Mr. DIRKSEN], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from Illinois [Mr. DOUGLAS], the Senator from Minnesota [Mr. HUMPHREY], and myself be read at this time for the edification of the Senate.

The ACTING PRESIDENT pro tempore. The amendment of the Senator from Illinois and the Senator from Montana will be read.

The LEGISLATIVE CLERK. On page 11, after line 24, insert the following new subsection:

(h) Nothing contained in subsection (g) shall be deemed to prohibit assistance under the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, if prior to furnishing such assistance the President finds (1) that a recipient country is not participating directly or indirectly in any policy or program for the Communist conquest of the world, and (2) that such recipient country is not controlled by any country promoting the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States, and (4) that the President notifies the Committee on Foreign Relations and the Committee on Appropriations, of the Senate, and the Speaker of the House of Representatives of his intention to furnish such assistance.

Mr. SCOTT. Mr. President, will the Senator from Montana yield for a question?

Mr. MANSFIELD. I yield.

Mr. SCOTT. I gather that one purpose of the amendment, among others, is to provide for the shipment of surpluses, such as grain, into Poland. I ask the Senator how Poland could qualify under wording which refers to the Communist conspiracy, or any country engaged in a conspiracy or commitment for a conquest of the world, or any country which is controlled by a country engaged in such conquest. It is my understanding that Poland is behind the Iron Curtain.

Poland is a controlled country. The best evidence of that fact is that the Poles who are not Communists—probably 95 percent of the population—cannot do anything about it. Does the Senator feel that the wording of his amendment would include Poland? It is pretty much of a semantic twist. Perhaps I should say we are indulging in a legislative twist.

Mr. MANSFIELD. Mr. President, in comparison with other countries behind the Iron Curtain, there is a degree of independence, somewhat limited I'll admit, in Poland. I point out that the country itself is about 95 percent Catholic. The people of the country are still able to go to church freely and uninhibitedly, even though there is no religious teaching in the schools.

I point out also that the cardinal primate for Poland, Cardinal Wyszynski, exercises a degree—and I emphasize the word "degree"—of independence in the relations between church and state. The church is not dominated by the state except to a minor degree. In effect, the situation of the Polish people is quite different from that of people in other captive countries behind the Iron Curtain.

The purpose of the proposed legislation is to try, if possible, to bring about a split within the Soviet bloc and to win the people of Poland more toward the West.

Mr. SCOTT. Mr. President, I ask the Senator if he will yield further, so that I may pursue the question briefly.

Mr. MANSFIELD. I yield.

Mr. SCOTT. Is it contemplated that the proposed aid would be extended also to other Communist countries, in addition to Poland, which are behind the Iron Curtain?

Mr. MANSFIELD. Only those countries that would come within the provision of the amendment, and to which the President, under the authority granted to him, would see fit to grant such aid.

I point out that, by and large, these appendages in the amendment were contained in the Aid Act of 1954, and had been reincorporated in the Aid Act of 1961.

Mr. SCOTT. Under the amendment, would the Senator agree with me that there is included also our undying friend and fervent ally, Yugoslavia?

Mr. MANSFIELD. To the best of my knowledge, there is no Public Law 480 program for Yugoslavia, and therefore she would not be covered.

Mr. SCOTT. I thank the Senator.

Mr. DIRKSEN. Mr. President——

Mr. MANSFIELD. If I may correct my statement to the Senator from Pennsylvania, I should like to say that there is a proposal for a Public Law 480 program for Yugoslavia on a sales basis.

Mr. SCOTT. I wanted to be sure that, whatever happened, we did not forget Yugoslavia, one of our most valued allies.

Mr. DIRKSEN. So that Senators may know what is in the amendment, and the background for it, the amendment adopted yesterday, as offered by the Senator from Wisconsin [Mr. PROXMIRE], then modified by the Senator from Ohio [Mr. LAUSCHE], and then still subsequently modified by the Senator from New Hampshire [Mr. COTTON], was an across-the-board amendment. It applied to every statute in being, including Public Law 480, which confers on the President power to deal with agricultural surpluses and the disposition of the surpluses in the field of aid.

I discussed this matter with the distinguished Senator from New Hampshire. He made the point yesterday that it was not within his contemplation that it should apply to Public Law 480. If I am mistaken, I would much prefer to have him correct me now.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. COTTON. Of course I joined with the Senator from Ohio and ardently sought to work for the amendment adopted yesterday, which was proposed by the Senator from Ohio. The distinguished minority leader is perfectly correct in saying that I said at the time I regretted it included the use of agricultural surpluses. I voted for the amend-

ment because I have long felt—and I glory in the fact that we have laid down the precept in no uncertain terms to the American people—that we should not take taxpayers' money and turn it over to Communist countries. So far as the use of food is concerned, I regret that food usually is sent to governments to feed armies, instead of being sent to the people in a country behind the Iron Curtain, for use by those people, but that is a matter of discretion.. I would not want to see Congress so shackle the President of the United States that in time of famine or in time of difficulty the word would go out to the world that from our abundance and from our surpluses we cannot and will not aid starving people anywhere in the world. It is not consistent with the American ideal.

Inasmuch as the amendment offered by the majority leader and the minority leader deals only with food under Public Law 480, I hope it will be adopted.

Several Senators addressed the Chair.

Mr. DIRKSEN. In view of the Senator's statement, let me recite what is contained in the amendment. First, it deals only with Public Law 480, and nothing else. Second, it provides that the President will not be prohibited in rendering assistance under Public Law 480 if he makes a finding which includes four items: First, that the recipient country is not participating directly or indirectly in any policy or program for the Communist conquest of the world. Second, he must find that the recipient country is not controlled by any country promoting the Communist conquest of the world. He must make a third finding, that the furnishing of such assistance is in the interest of the national security of the United States. Then the President must make a fourth finding—although it is not really a finding—that he must notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of his intention to furnish such assistance.

I have discussed the matter with the distinguished Senator from Iowa [Mr. HICKENLOOPER], who made some suggestions which I thought improved the proposed amendment. I discussed it with the distinguished Senator from Vermont [Mr. AIKEN], whom I do not see on the floor at the moment. I also discussed it, in part, with the distinguished Senator from Wisconsin [Mr. WILEY]. All of these Senators are members of the Committee on Foreign Relations.

I have stated the substance of the amendment. The purpose is to untie the President's hands only with respect to the distribution of our surpluses abroad.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield to the Senator from New York.

Mr. JAVITS. I voted against the majority on the adoption of the amendment yesterday. I believe we have shackled the President most unwisely in any attempt to win over Communists. However, aside from that, would the Senator from Illinois, the distinguished minority leader, joined by the distinguished Senator from Montana, the majority leader, so that the legislative history may be clear, say that the President's finding, if we adopt the amendment, will be conclusive, and that all he has to do is to give notice of his finding; but that his finding, nevertheless, is conclusive under the qualification set forth in the amendment?

Mr. MANSFIELD. Yes, his finding is conclusive, but that finding can be challenged by the appropriate committee. However, it is conclusive.

Mr. DIRKSEN. It is conclusive.

Mr. JAVITS. The Senator from Montana says it may be challenged. But only with new legislation. Is that correct?

Mr. MANSFIELD. It may be questioned.

Mr. JAVITS. It may be questioned; but it is conclusive, so that he may go ahead and give the aid, although he must make his report. Is that correct?

Mr. MANSFIELD. His findings are conclusive, but any questions raised in either committee or by the individual named in the amendment would naturally be taken up with the President.

Mr. JAVITS. But that does not stop the President's giving the aid. He may give the aid once he makes the finding.

Mr. MANSFIELD. Yes.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. SALTONSTALL. I would say to the distinguished majority and minority leaders that the amendment is said to apply purely to chapter 480 of the Agricultural Trade Development and Assistance Act. I am not going to ask for the language to be changed, but I did have an amendment of my own which is in slightly different form. What I should like to call to the attention of the majority and minority leaders is that at the present time, or at least during the past year or so, medicines and the like have been shipped into Poland, for vaccinations, and that type of use. I believe that in the conference, when this subject is considered, the language might be amended so as to include medicines, for injections against smallpox and other diseases, in connection with privately raised funds. I hope provision to that end may be included in the amendment. These medicines are essential, and probably just as essential in some cases as food.

I know the Director of the program, and the program has been very successful, particularly in Poland, in the last year or so.

I should like to have as a part of the legislative history the fact that while this amendment refers to chapter 480, there should be a change made in the language, possibly in conference, which would permit private funds to be used for the medicines which are going into countries like Poland.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. ALLOTT. I should like to ask a question I have in mind, because a printed copy of the amendment is not available, and I would not want to Senate to get into the situation it got into 2 or 3 weeks ago with respect to what a particular amendment provided.

Are these four conditions which the Senator from Illinois read in the conjunctive or are they in the disjunctive? In other words, must all of the four conditions be fulfilled by the President before the provisions of the amendment can go into effect? The original amendment, prepared by the Senator from Montana, was in the conjunctive. I wish to be sure that all four conditions are in the conjunctive.

Mr. DIRKSEN. That is correct; they are all tied together. The President must find: first and second and third and fourth.

Mr. ALLOTT. And then report?

Mr. DIRKSEN. Yes.

Mr. PROXMIRE. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield to the Senator from Wisconsin.

Mr. PROXMIRE. In line 7 of the amendment, as mimeographed, the word "conquest" is used. The point I tried to make over and over again yesterday and the day before was that Yugoslavia and Tito are undermining our position throughout the world in pressing hard for Communist development in Communist countries, trying to oppose democratic private enterprise development. Tito is not attempting to do this by conquest, but he is doing it by other means. Nevertheless, the Yugoslavian party congress has represented over and over again that it believes in Communist domination of the world.

I would approve of the amendment if the word "conquest" were changed to "domination," because it seems to me that the use of "conquest" by the Yugoslavian party congress in its present attitude, as expressed to vigorously by Tito, is an indication that Yugoslavia should not continue to receive assistance from the United States.

On the other hand, if "domination" were used, I would be satisfied, because until Yugoslavia changed her attitude, she would be excluded from the benefits of the program.

Mr. DIRKSEN. When we move into the field of semantics, "domination" is not exactly a word of art, a word having precise legal meaning. It could be a "psychological" conquest; it could be an "aggressive" conquest. I think that the debate which is now taking place makes the meaning reasonably clear. We discussed the question—a little bit, at least—and finally decided that "domination" might offer difficulty if a question of interpretation arose.

Mr. PROXMIRE. If the Senator would interpret "conquest" as he has now—and I think the legislative history is important—and would also include militant efforts on the part of any Communist countries to subvert democracy as we know it, and to undermine the forces of freedom in that country, then I would accept the interpretation. I think it would be an excellent modification of what I would ordinarily have

construed "conquest" to mean—that is, military conquest.

Mr. DIRKSEN. If that is the purpose and objective, and the facts so indicate, and if there is a finding to that effect, then, of course, that would be true.

Mr. HICKENLOOPER. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield.

Mr. HICKENLOOPER. I have seen the amendment as it is now proposed by the majority leader. A moment ago I said to the majority leader and the minority leader that from my personal standpoint at that time, I tended to be satisfied with the amendment. I wanted to talk to a number of persons who had supported the Lausche amendment yesterday, as I did, the objective of the amendment being to deny assistance to Communist areas of the world. I still support that principle.

However, the four provisions which are now contained in the amendment at the desk apply only to Public Law 480 and to food. The amendment provides that the President must find that a recipient country is not participating directly or indirectly in any policy or program for the Communist conquest of the world; second, that such recipient country is not controlled by any country promoting the Communist conquest of the world; and third, and fourth. So far as I can see, this language gives the President an opportunity to use Public Law 480 funds or material, but he must find that the country receiving such aid is not directly or indirectly participating in any such Communist program. He must find also that that country is not controlled by any country which is promoting the Communist conquest of the world.

I do not want to veer away from my position that 80 Communist countries are trying to control the world or take over the world or are participating in such activities. I feel, after reading the amendment as it is now at the desk, that it meets that issue. It prohibits the use of Public Law 480 funds and foods by any country that is either participating in such a program for world domination or is controlled by a country which is participating in or is advocating such a program.

Mr. GRUENING. Mr. President, will the Senator from Iowa yield?

Mr. HICKENLOOPER. I do not have the floor.

Mr. DIRKSEN. I yield to the Senator from Alaska.

Mr. GRUENING. Can the Senator assure us that under this amendment it will not be possible to send food to Communist China? As the Senator knows, there are many starving people in that country, and the hearts of the American people go out to starving people. But we should know that food sent to Communist China will not go to the starving Chinese but will be used by the tyrannical rulers for their own purposes. Sending food there will merely entrench those rulers.

Mr. HICKENLOOPER. The answer is: Yes, it would be impossible under this amendment, in my view, to send food to Communist China.

Mr. GRUENING. Does the minority leader agree to that statement?

Mr. DIRKSEN. Absolutely.

Mr. GRUENING. And does the majority leader also agree?

Mr. MANSFIELD. That is my understanding.

Mr. GRUENING. So the language of the amendment cannot be interpreted to mean that food, which is a weapon, may be sent to Communist China to aid starving people. I want to make sure that no food will be sent to Communist China, where it would merely bolster its masters.

Mr. LAUSCHE. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield.

Mr. LAUSCHE. Having in mind the presentation just made by the Senator from Iowa [Mr. HICKENLOOPER], how do we now send aid to Communist Poland, which is definitely dominated by Moscow, in face of the fact that the present law provides that aid shall not be given to any country which is dominated by international communism? If such aid is now being given, how will we be certain that under this supposed safeguard we will not be able to do it again? My first question is: How are we providing such aid now? I ask any Member of the Senate to answer that question.

Mr. HICKENLOOPER. I supported the amendment of the Senator from Ohio yesterday. I was in thorough sympathy with it. I believe the amendment now under consideration will do just as much.

The amendment offered by the Senator from Ohio was a broad, overall amendment. The amendment now before the Senate is one which relates strictly to Public Law 480 food. I believe this amendment, with respect to Public Law 480 food, will provide a prohibition equivalent to that provided in the amendment of the Senator from Ohio which was adopted yesterday. The President must find that the recipient country is not participating, directly or indirectly, in any project which has as its aim world domination by communism. The President must find that the recipient country is not under the control of another country that is engaged in such an activity. It seems to me that that is a very strong prohibition.

Of course, if the President finds otherwise, that will be his responsibility.

Mr. LAUSCHE. The amendment now before the Senate provides a prohibition against the granting of aid unless findings A, B, C, and D are made, does it not?

Mr. HICKENLOOPER. That is correct.

Mr. LAUSCHE. Unless findings have been made in conformity with the facts.

Mr. HICKENLOOPER. One of the difficulties is that the bill contains a waiver provision which allows the President to waive the provisions of the bill if he finds that to be in the national interest. I do not agree to the blanket waiver provision there, and I have an amendment on that score. I shall bring up the amendment shortly.

Mr. HUMPHREY. Mr. President, if the Senator from Illinois will yield to me, I merely wish to support the comments of the Senator from Massachusetts [Mr. SALTONSTALL] in regard to some of the activities undertaken in the fields of health, health care, and research. Let me point out that some of the most important developments in the field of cancer research, particularly leukemia, and also neurology, are under way in our country and behind the Iron Curtain in the Soviet Union and Poland. I do not care who makes the discoveries first, but surely I wish to be among the first to herald such achievements. Medical research results in benefits for all mankind; it knows no ideological or linguistic boundaries.

However, if we enact legislation such as this, we shall be acting against the very interests of humanity.

One of the greatest medical research institutions of this type is in the Soviet Union; and another is at the Sloan-Kettering Institute, in New York; great research achievements are made possible by means of such activities.

Furthermore, I wish to make sure that the enactment of such legislation would not result in the closing of the children's hospital in Krakow, Poland. That hospital is a gift from the people of the United States. I have had a continuing, personal interest in this hospital. In short, Mr. President, if we rigidly carry through with this action we will be cutting off our nose to spite our face. We will be telling millions of our brothers behind the Iron Curtain that we are indifferent to their fate, that we put them on the same low level as we do the governments which rule them.

Mr. SALTONSTALL. Mr. President, I should like to repeat that I do not think we should interfere with the language of this amendment at this time; but I want the legislative record to be made clear—and I hope the Senator from Minnesota and I have made it clear—as showing that this language should be amended in conference, so as to include the objective the Senator from Minnesota and I have stated.

Mr. HUMPHREY. Mr. President, I wish to say that I have obligations both to the Senate and to my conscience and my spirit, and I favor saving lives. Certainly, we have no moral right to deny scientists and doctors an opportunity to find answers to the great killers; but I submit that if we do not watch out, we may actually deny them that opportunity.

So I join in the remarks of the Senator from Massachusetts. I shall not try to have the Senate amend the language it has adopted, for I know what the temper of this body is. But I hope and pray that we shall have calm judgment when we come to the point of looking over this language, so that we shall not destroy our attempts to build these most important relationships with people behind the Iron Curtain.

Some of my colleagues know that the people of Poland and even their official representatives have many times spoken out forthrightly against Soviet ambitions for world domination. We know that there is much hidden dissent in Communist countries. But we should

also understand that the withdrawal of aid will not encourage this dissent; it will only make it easier for the U.S.S.R. to portray us as avaricious capitalists who are trying to strangle the Communist world by every means available.

So I do not believe we should take hasty action.

Of course, I support the spirit of this amendment, although I say that when we include the provision "if the President finds (1) that a recipient country is not participating directly or indirectly in any policy or program for the Communist conquest of the world," the President will have to do a great deal of stretching if he is to render any assistance; and such language will kill off many activities which now are doing great good.

Every time an American periodical reaches a library in Russia it carries there the message of freedom. With my own eyes I have seen the tremendous interests that Russians have for everything American—for our cars, our books, our gadgets. Are we trying to close the doors to reality? Despite the Iron Curtain we have made much progress in prying open the closed Communist society and putting it on the defensive. Right now Khrushchev is having a meeting in Moscow, and he is saying to the representatives of Poland and to the other Iron Curtain countries, "We must bind ourselves closer together, in order to meet the threat of the European Common Market." He is telling them, "Look at what the Americans are doing. They are closing the doors of opportunity. So we must agree to have even more stringent controls." If we wanted to pave the way for another Stalin, I say we could do no better than wall up the Communist-dominated world in an economic ghetto of its own.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the amendment which now is at the desk be held at the desk, available for additional cosponsors.

Mr. GORE. Mr. President, reserving the right to object——

Mr. MANSFIELD. Then, Mr. President, I withdraw my request.

Mr. CAPEHART. Mr. President, can any Senator name a single communistically controlled country—Yugoslavia, Poland, or any of the others—which at the moment could, under the provisions of this amendment, receive from the President food under Public Law 480?

Mr. DIRKSEN. That is a question of a finding of fact.

Mr. CAPEHART. But I am asking whether any Senator can state now that if this amendment were enacted into law and were in effect, the President could give aid under Public Law 480 to Poland, Yugoslavia, Cuba, China, or any other communistically controlled country? Is not that the substance of what we are talking about?

Mr. DIRKSEN. If the President makes an affirmative finding, that will settle it, and it can be done. But if his finding were negative, under these four proposals, then obviously he could not do it.

Mr. CAPEHART. I repeat my question: Can any Senator now show that any communistic country in the world would be entitled to receive aid under this amendment, at the moment? If so, what countries coud? I think that is the test of this amendment.

Mr. DIRKSEN. Mr. President, comparable language has been carried in the authorization acts since 1954. The language was reincorporated in the authorization act of 1961, and I remember very well that at that time the then President of the United States had to make an affirmative finding. I do not recall—inasmuch as I do not have the language before me at this time—whether we than bound it quite so closely as we do in this instance. But I simply state that here are the criteria under which the finding would be made; and aid could then be given, if there were not a negative finding.

Mr. CAPEHART. I understand the language of the amendment; but again I ask whether any Senator can name one communistic country which could qualify under this amendment at this very moment. I am not talking about what may happen in the future—but at this very moment. Could Poland qualify under this provision? Could Yugoslavia? Could Russia itself? Could Cuba? Are there any communistic countries which now would be able to qualify under this amendment?

Mr. DIRKSEN. The matter should not be prejudged on the floor of the Senate. The Senate is here laying down a condition precedent to the rendering of the assistance. To undertake to make that judgment here, without examining into the matter, would certainly be prejuding it, and would cast it in the wrong mold, in my judgment; and I do not propose to make such prejudgment.

Mr. HUMPHREY. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield.

Mr. HUMPHREY. I think the Senator pointed out the way in which we should consider this amendment. But I point out that Yugoslavia has a treaty with Greece, which is a NATO ally of ours; and anyone who has talked to any of the defense people in Greece knows that that treaty is vital to the security of what we call the southern flank of NATO.

On the other hand, if Yugoslavia were totally under the domination of Soviet Russia, there would be no treaty between Yugoslavia and Greece or between Yugoslavia and Italy, both of which are NATO allies. Nor could Yugoslavia play the active role in the U.N. and European economic organizations which was so rightly pointed out by the Senator from Alabama [Mr. SPARKMAN] day before yesterday.

So I think the Senator from Illinois is correct when he says we should judge the facts at the time. Surely one of the facts to be considered in connection with whether complete domination of such a country exists, is that if there were domination by Soviet Russia, that would not permit Yugoslavia to have a treaty with Greece, an ally of the United States; neither would complete Soviet domination permit the activity of the Catholic Church in Poland, because catholicism and Christianity are inimical to communism as practiced by the Soviet Union under Stalin and his successors.

Mr. GORE. Mr. President, will the Senator from Illinois yield to me?

Mr. DIRKSEN. I yield.

Mr. LAUSCHE. Mr. President, who has control of the time in opposition?

The ACTING PRESIDENT pro tempore. The minority leader [Mr. DIRKSEN] has control of the time in opposition, under the unanimous-consent agreement.

Mr. LAUSCHE. How much time is now available?

Mr. DIRKSEN. Well, Mr. President, I have been yielding very freely.

Mr. LAUSCHE. But the Senator from Illinois has been yielding to the proponents.

Mr. DIRKSEN. Mr. President, I am glad to yield to the distinguished Senator from Tennessee.

Mr. GORE. Mr. President, I am a proponent of the amendment. However, I shall be very brief.

I think the Senate is undertaking to correct the mistake which was committed yesterday. I refer to it as a mistake, because it seems to me that the two greatest enemies that communism finds within her borders are the spark and deside for religious freedom and the desire of mankind—common to mankind everywhere—to own one's own property.

I think that the aid the United States Government has extended to Poland has been one of the factors most instrumental in preserving the degree of religious freedom that still flames in Poland.

Let me point out further to my colleagues that communism has failed in the most basic needs of life—the production of food. The only country behind the Iron Curtain that has shown an increase in food production is Poland, and it is in Poland where the peasant still owns his land. A strange heresy occurred there not long ago when a high official of Communist Russia was visiting in Poland. He publicly paid tribute to the increased production of food under the private ownership of land and livestock by the Polish farmers.

Let me point out another heresy to communism. Even Mr. Khrushchev advocated recently that it might be of benefit to let the Russian farmers own more of their livestock. To what is communism coming?

Through American aid we have helped to keep alive the spark of religious freedom. We have helped to keep alive the privilege of the Polish farmer to have title to his little plot of land. We have helped to keep alive the hope of individual political freedom, personal dignity, and an eventual return to the family of free nations.

I think it was a great mistake to adopt this amendment yesterday. I join in this attempt at a partial correction, and I thank the distinguished Senator from Illinois for yielding to me.

Mr. DIRKSEN. I yield to the distinguished Senator from Iowa [Mr. MILLER].

Mr. MILLER. I would like to ask the distinguished Senator from Minnesota a question or two in view of his comments regarding the status as between Yugoslavia and Greece, and pointing out that if Yugoslavia were under the domination of the Soviet Union, there would be no treaty with Greece.

Mr. HUMPHREY. I said under the control.

Mr. MILLER. Under the control. As I read this amendment, if the President "finds that a recipient country"—and let us say the recipient country might be Yugoslavia—"is not participating directly or indirectly in any policy or program for the Communist conquest of the world," then Yugoslavia could receive assistance.

Mr. HUMPHREY. Under this amendment; yes.

Mr. MILLER. I assume, because it is generally reported that Yugoslavia communism is not the world-conquest type of communism which the Soviet Union advocates, under this amendment it would be possible for the President to make the finding that Yugoslavia could receive assistance. My question is whether or not I divine the Senator's reasoning on this.

Mr. HUMPHREY. No; I would like to go back to what the Senator from Illinois said. I think it would require, as the lawyers say, a de novo consideration by the President on the basis of the circumstances that existed at the time any such request for assistance or any offer of assistance might be made.

It is my view that the Senator from Iowa has pointed out some of the factors—I will not say facts, but factors—that would be brought into consideration. First, is the Yugoslavia Communist movement considered to be a part of the international Communist movement in terms of seeking conquest and control? Second, does the Government of Yugoslavia exercise any independence of judgment in its foreign policy?

Those are matters which the President, the Secretary of State, and others who had the responsibility, would have to take into consideration.

I merely point out today that, so far as absolute control over Yugoslavia is concerned, had there been absolute control over the past years, there could not have been a treaty with Greece. That situation may change. There have been developments in Yugoslavia of late which the Senator from Minnesota has been very worried about, and I have so said. So circumstances may change. But I think in the past years there has been evidence that the Yugoslav Government was acting independently, as we have been led to believe by the historic circumstances. It is also my view——

Mr. LAUSCHE. Mr. President a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. LAUSCHE. What is happening to the time of the opposition? All I have heard is the time of the opposition being consumed by those who are advocating the acceptance of this amendment.

Mr. DIRKSEN. Mr. President, I shall be glad to yield to the Senator from Ohio.

Mr. LAUSCHE. But a question was put to the Senator from Minnesota, and he entered into a long dissertation, and the time of the Senator from Illinois is being consumed.

Mr. MANSFIELD. Mr. President, how much time does the Senator from Ohio want?

Mr. LAUSCHE. All I want to make sure of is that the time of the opposition is not gone.

Mr. DIRKSEN. I shall be glad to yield to the Senator from Ohio.

Mr. PROXMIRE. Mr. President, a parliamentary inquiry.

Mr. DIRKSEN. I shall be glad to yield time on the bill. When my friend asked for a minute, it was a fairly long minute.

Mr. LAUSCHE. Quite so.

Mr. HUMPHREY. It was a senatorial minute.

Mr. PROXMIRE. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. PROXMIRE. Is it not customary that when both the majority and the minority leaders join in a position, the control of the time in opposition to that position be given to someone else?

Mr. MANSFIELD. Mr. President, before a ruling is laid down, I wish to say I shall be most happy to turn over my time to the Senator from Wisconsin to dispose of as he sees fit, and I make a motion to that effect.

The ACTING PRESIDENT pro tempore. Without objection, the motion is agreed to.

Mr. HUMPHREY. Mr. President, I must complete my comment to the Senator from Iowa. I concur with the remarks made by the Senator from Tennessee [Mr. GORE]. It seems to me the Senator from Tennessee pointed out some very important developments had taken place in Poland. There is a degree of nationalism in Poland. There has been a degree of religious freedom that is reassuring. There is land ownership in Poland. There are Communist principles in effect. I think these are factors which the President may take into consideration; but I do not think we ought to make the judgment on the Senate floor.

I think, as the Senator from Illinois has said, it is an Executive responsibility that will have to be fulfilled under the criteria laid down under the law.

Mr. MILLER. I appreciate the comment of the Senator from Minnesota.

Mr. DODD. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. Does a Senator yield time?

Mr. DIRKSEN. I yield to the Senator from Iowa.

Mr. MILLER. It seems to me that this is a difficulty that could be dissipated by employing, instead of "the Communist conquest of the world," the word "communism." Then there would be no question that Yugoslavia would be excluded. If we desire to exclude Yugoslavia, we should use words to do so. If we do not, I suppose the amendment should be agreed to.

Mr. DIRKSEN. Mr. President, I yield 2 minutes to the Senator from Kentucky [Mr. COOPER].

The ACTING PRESIDENT pro tempore. The Senator from Kentucky is recognized for 2 minutes.

Mr. COOPER. Mr. President, I shall take only 2 minutes. I wish to address myself to the Senator from Minnesota and the Senator from Ohio. I assume the President is asking for this authority because he believes that situations may arise, where it may be in the interest of the United States to provide assistance to Poland and Yugoslavia. If that is the purpose—and I cannot think of any other reason why he would be asking for this authority—it seems to me that, we ought to come to grips with this question, and provide authority to the President. We should strike these vague findings the President is required to make and authorize the President to furnish aid to these countries if he believes it is in the interest of the United States of America.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. HUMPHREY. I agree with the Senator on that point. I think the Senator is correct.

Mr. COOPER. There are possibilities that the Eastern European countries—Poland and Yugoslavia—may assert greater independence of the Soviet Union. This is not a question of foreign aid or of food alone, important as they are. It is a question of dealing with our total foreign policy, and of giving to the President maneuverability, and flexibility, in the exercise of his powers for the security interests of this country.

I hope the Senate will agree to strike two of these provisions, and permit the President to make decisions if he finds it to be in the interest of the security of our country.

Mr. CHAVEZ and Mr. SALTONSTALL addressed the Chair.

Mr. PROXMIRE. Mr. President, I yield 2 minutes to the Senator from New Mexico.

Mr. CHAVEZ. Mr. President, of course we are all interested in Poland and Yugoslavia.

There are nearly 200 million people south of our border who are hungry. What are we planning to do about those hungry people, Mr. President?

I should like to vote for a bill to feed people, and I shall do so when the opportunity is afforded.

Mr. DIRKSEN. Mr. President, I yield 4 minutes to the distinguished Senator from Vermont [Mr. AIKEN].

Mr. AIKEN. Mr. President, I think it would be interesting to have for the RECORD information as to the amount of business which has been done with Yugoslavia and with Poland, in the past few years, particularly, under Public Law 480.

During the past 6 years, Poland has purchased from us 750,000 bales of cot-

ton, and Yugoslavia has purchased 585,000 bales of cotton. For fiscal year 1962, Poland is purchasing 92,000 bales of cotton, and Yugoslavia is purchasing 93,000 bales of cotton.

With respect to wheat, which is one of the other larger exports to these countries, the figures show that in the past 6 years Poland has purchased 119,520,890 bushels of wheat, and Yugoslavia has purchased 158,096,260 bushels of wheat. This year the two countries are purchasing approximately 60 million bushels of wheat from this country.

All of this is not sold under Public Law 480. Part of it is sold for dollars, and part of it is exported under title I and title IV of Public Law 480.

The fact remains that if we did not exercise the right of utilizing Public Law 480, undoubtedly we would be unable to sell to these two countries for dollars.

During the past year or two a considerable part of our sales to these countries has been for dollars, but Public Law 480 does come into the picture and helps to effect the dollar sales.

I have given the figures for wheat and cotton only. I do not know the totals with respect to other agricultural exports to these two countries. I am sure they would be smaller. If any Senator is interested in the wheat and cotton business, he should realize that these countries are two of our large markets.

I think there was some protest on the part of Poland in the past year that we required them to pay dollars for a large percentage of what they purchased from us, but nevertheless we are doing a very extensive business for dollars, and under Public Law 480, with both countries.

Mr. PROXMIRE. Mr. President, I yield 5 minutes to the Senator from Connecticut [Mr. DODD].

The ACTING PRESIDENT pro tempore. The Senator from Connecticut is recognized for 5 minutes.

Mr. DODD. Mr. President, I should like to have the attention of the Senator from Tennessee [Mr. GORE]. I was very much interested in his argument, and I wish to be sure that I correctly understand it. I should like to clear up my own attitude about it.

Is it argued that Poland is producing sufficient food for its people now?

Mr. GORE. The statement I made was that Poland is the only country behind the Iron Curtain in which food production has been increased. I believe that to be a fact. I do not know whether it is, in fact, a food deficit area or a food surplus area. I know that some food products under Public Law 480 have been going to Poland.

Mr. DODD. The Senator can see my point. If Poland is producing enough food, then why in the world should we ship Poland more? Obviously it would not be sensible to do so.

Mr. GORE. I am trying to answer the Senator as fully as I have information as to the facts, and I am trying to obtain additional information.

I had not intended to say that Poland produced sufficient for her needs. It may be that she does, at least in certain categories. In any even, some food under the Public Law 480 program has been going to Poland, thought not in large quantities.

Whether Poland in turn has sold some of her own commodities which individually—such as potatoes—might be in surplus, I do not know. It may be that meat products are needed.

Mr. DODD. I understand the Senator's answer.

I am not able to understand how we would help people to get free by making their tyrant masters stronger. Certainly, when we ship food to a Communist country, I think everyone in the Senate would agree that the Communist government gives the food to its friends and not to those who oppose the regime. This is the first principle of tyranny. How in the world can it be argued that we will make people more free under a tyrannical government by shipping food to the tyrants to pass out as they see fit?

Mr. GORE. The best answer I can give is that the people in some way, despite many handicaps, must have a way of learning a few facts. I cite to the Senator the fact that when former Vice President Nixon visited Warsaw, though there had not been any notice by the Government—without a single radio broadcast, without a single newspaper notice that he would be there—hundreds of thousands of people turned out and applauded him, not because he was Richard M. Nixon.

Mr. DODD. It was not because he was shipping food, but because the Poles want their freedom, and they knew he represented a country which is free.

Mr. GORE. I am unable to say exactly why that happened. I would assume it was because he was Vice President of the United States.

Mr. DODD. I agree.

Mr. GORE. The Polish people must have known that the people of the United States had a friendship for them. In some way they must have known we had been demonstrating an interest in them and a friendship for them.

Mr. DODD. There is no doubt about that, but I come back to the point that it is difficult for me to comprehend how we can say we are helping the people under these tyrants when we strengthen the tyrants.

Every time we ship food or fiber or anything of value to these countries, is it not a fact that we are making the governments stronger, in the sense that they then at least have food to pass out to the people to whom they wish to give it? They then are not faced with a problem of a food shortage, which is a great problem for many governments, whether they be free or tyrant.

As a matter of logic, my point is, how in the world can it be argued that somehow we help to weaken a tyrant or to make stronger the enslaved by such a process?

Mr. GORE. Mr. President, will the Senator yield?

Mr. DODD. I am glad to yield.

Mr. GORE. I think one important element is that food and sustenance must come from a free land like the United States, which demonstrates most dramatically and effectively the unwisdom and inefficiency of the system with which they are afflicted.

Mr. DODD. The other day I read in the newspapers that Khruschev said the Russians would have more bombs and less butter. Every time we ship him butter he will have more to spend on bombs, will he not?

Is it not true that, with respect to any tyranny, every time we give a piece of thread or a kernel of grain it will turn this to its own advantage? It will make arms. It will make weapons. It will have other resources to use against the free world.

Mr. PROXMIRE and Mr. HUMPHREY addressed the Chair.

Mr. DODD. I yield to the Senator from Wisconsin.

Mr. PROXMIRE. I wish to say to the Senator from Connecticut, I could not agree more. The real weakness of the Communist countries is in the area of agriculture. The Communist countries cannot produce enough food. As the Senator from Connecticut has so well pointed out, that is true in Red China, Russia, and throughout the Communist world. Our great strength is food. As the Senator said, when we give such countries food, or fiber, whether it is a kernel of grain or a piece of thread, the fact is that such a gift gives the recipient country an advantage.

Mr. DODD. And they boast about it.

Mr. PROXMIRE. They boast about it and they use it. Of course, they use the supplies. If nothing else, the food and fiber give the people more strength and vitality to work against us.

Mr. DODD. I can understand that perhaps there are compelling reasons why the President would want latitude in the program. I am not interested in taking it away from him. I have too much confidence in him. But my point is that it is utterly illogical that we should direct products to those countries in order to weaken the tyrant or to make strong the enslaved.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. HUMPHREY. I do not wish to take too much of the time of the opposition, because the opposition has not had much time to debate its side of the issue. I believe the Senator from Ohio is correct.

Mr. President, I yield myself 3 minutes on the bill.

The Senator from Connecticut [Mr. DODD] is a very reasonable man. I think he knows of my real respect for his views.

Mr. DODD. Indeed I do; and I am grateful.

Mr. HUMPHREY. There is a calculated risk in everything we do here. But I wish to speak to my Democratic colleagues for a moment. On several occasions when the former administration came to Congress and asked for special assistance to Yugoslavia, Poland—the same Yugoslavia, the same Poland, the same Gomulka, the same Tito—Democrat after Democrat supported President Eisenhower. I think President Eisenhower was right. I am not arguing about that.

Now President Kennedy has asked members of his party, upon whom he depends, to give him the same latitude and the same flexibility to deal with some of the same problems. It is proposed that we say, "No."

I believe the former administration made some inroads that were rather significant. For example, in Poland the Voice of America is not jammed. It can be listened to at any place in that country.

Furthermore, it is well known in Poland that the food comes from the United States. The CARE program was operative in Yugoslavia even to the extent that CARE supervised the actual distribution of American food into the villages.

Furthermore, one can go into Polish libraries, in Warsaw, as this Senator has done, and pick up magazines that we read in America. American books can be found in those libraries. They cannot be found in Moscow, but they can be found in Warsaw.

This fall there will be a great meeting of leading physicians of the world at the University of Krakow, the oldest university in Europe. We have made an impact in that country.

Frankly, the program is a calculated one. Who knows what will happen? I defy any Senator to show me an instance in which hunger has destroyed communism.

I beg any Senator to give me any evidence of an instance in which vast human misery that takes the lives of innocent people has ever destroyed communism. It did not destroy it in China. It did not destroy it in Russia. It will not destroy it in Poland. The only way I know to win people is with love and fair play.

Mr. CARROLL. Mr. President, I suggest that the Senator take additional time.

Mr. HUMPHREY. I have said enough.

Mr. PROXMIRE. Mr. President, I yield myself 3 minutes.

In reply to the Senator from Minnesota, I point out that we are not dealing with the same Tito with whom we dealt in past years. Anyone who has followed what Tito has said in the past few years, his pronouncements and his actions, knows that it is not the same Tito that we dealt with 10 or 12 years ago, or even 5 or 6 years ago. We are dealing with a different Tito, and a different situation.

Unfortunately, it is a great illusion on the part of too many Senators and too many members of the press that he is the same man. He is not. He was an opponent of Stalin. He is a close ally of Khrushchev.

Mr. HUMPHREY. I should like to ask the Senator from Wisconsin what he thinks about Khrushchev's attitude toward Stalin. How does the Senator think Khrushchev got into office? He was not playing "footsie" with Stalin. He denounced him. He came into power by denouncing Stalin.

Mr. PROXMIRE. I understand that, but the point made by the Senator from Wisconsin, to which I should like to have the reply of the Senator from Minnesota, is that Tito was opposed to the Soviet Union back in 1951 and 1952. He is no longer opposed to the Soviet Union. We are. He is working with the Soviet Union and undermining our position in country after country.

Mr. GORE. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield to the Senator from Tennessee.

Mr. GORE. At this moment there is underway in Moscow a meeting of the Council for Economic Mutual Assistance. The council is undertaking to counter the Common Market and the system of trade and commerce in the free world. Tito is not a member of that council. He is not permitted to be a member. The principal commerce of Yugoslavia is not with the Communist bloc but with the free world.

In fact, 70 percent of Yugoslavia's trade is with the West.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield myself 3 additional minutes. I shall yield to the Senator from Ohio in a moment. Before I do so, I think it should be made clear to Senators that while Tito may not be in Moscow, the fact is that Tito has worked in country after country—in Africa and in Asia—to undermine our position. Any Senator who reads Tito's speech at Belgrade on September 3 can come to no other conclusion than that Tito is as stern, devastating, and emphatic a critic of the policies of the United States of America as is Khrushchev. There is no difference, except that in the case of Tito, he does not have missiles to rattle, and Tito is not in a position to engage in a military conquest. But over and over again Tito has said that he believes in world communism. He believes in militant world communism. He calls it international proletarianism. He believes that promotion of world Communist revolution is the mission of Yugoslavia. I say we should not give aid to that kind of country.

It is very interesting to note that Senators who favor the amendment argue that we should give aid to Poland and to Yugoslavia, whereas a half hour ago the amendment was interpreted as one which would prohibit aid to countries of that kind.

Mr. GORE. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield to the Senator from Tennessee.

Mr. GORE. First, to set the record straight, Yugoslavia applied for membership in the council now meeting in Moscow. It was denied membership. I do not rise to defend all that Tito has done or has not done. Neither do I rise to give any assurance that the program would be 100 percent successful. But I think it has been helpful in encouraging a deviation by Yugoslavia.

If the Senator will be so kind as to yield further, the basic point with me is that if we tie the hands of the President of the United States so that no enticement for schisms within the Communist bloc can be held out, if the only attempt at subversion, penetration, and persuasion must be directed against us and we can do nothing to counterbalance it, we can have small hope of winning.

Mr. PROXMIRE. Mr. President, I yield myself 3 minutes. My reply to the Senator from Tennessee is that during the past 12 years we have given Tito $2 billion worth of aid. What have we to show for it? Is Tito now closer to the Soviet Union or further away from that country? Is he closer to our position or further away? 12 years ago, when we started the aid program, Tito was opposed to the Soviet Union. He has become closer and closer to it. If that practical experience makes any sense at all, the conclusion must be that the kind of aid we have been giving Tito will not win his support or friendship.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield to the Senator from Ohio.

Mr. LAUSCHE. The granting of aid to Tito, admittedly a Communist, who has repeatedly declared that the world must be communized, is an inducement to the nations in Africa, in the Middle East and in the Far East, to follow Tito. He is their leader, Mr. President, because they are of the opinion that, although he is a Communist and controls a Communist government, the United States has for 15 years provided him with aid.

Mr. PROXMIRE. The Senator is exactly correct.

Mr. LAUSCHE. The Senator from Tennessee [Mr. GORE] has made the statement that our aid has caused a deviation of the Yugoslav Government from the Communist orbit.

Mr. GORE. I said it had encouraged it.

Mr. LAUSCHE. The only cause for the deviation is that there are 15 million Serbs, Croats, and Slovenes who believe in God, who want to own the possessions of their farms, who want to live as dignified human beings, and who want to liberate themselves from the yoke that Tito has placed upon them. He, as a matter of convenience and as a matter of opportunism, took our aid, knowing that he could not fulfill his commitment to provide a better life and provide more food, and knowing that if he did not provide food his government would fall.

Being in that predicament, he turned from Moscow to the United States. We lifted him up at the moment when he could not fulfill his obligations with his communistic form of government.

Mr. President, I yield to no one in the Senate in the desire to help the hungry and the starving. However, I have an obligation to my country.

The ACTING PRESIDENT pro tempore. The time of the Senator has expired.

Mr. PROXMIRE. I yield 5 additional minutes to the Senator from Ohio.

Mr. LAUSCHE. There are those who say, "Help the Communists. By helping the Communists we help the United States." That is nonsense.

Mr. DODD. Mr. President, will the Senator yield?

Mr. LAUSCHE. I will yield in a moment. No one can give me that sop.

Communism intends to dominate the world. When we help a Communist form of government, we are undermining the security and the structure of our own country. I cannot see it in any other way.

Is Gomulka, of Poland, our friend? Is the Polish Government friendly? Everyone knows what happened at the Poznan riots, when workers and students gathered and marched down the streets yelling "Leba! Leba! Give me bread! Give me bread!" The Polish Government suppressed them. They wanted bread. The Communist government could not provide it for them. That is what caused them to rise. Of course they were shot down and put to death.

The same thing happened in Hungary. I should like to ask why the Hungarian people should not be entitled to aid. Have there been any nobler patriots, fighters for freedom, anywhere in the world, than the Hungarian people? We have not given it to them, I suppose, because it is said that Gomulka in Poland is not subject to Russian domination, but that the Hungarian, Kadar, is. I cannot distinguish between them, Mr. President. They are Communists. Repeatedly they have avowed that they will not be content until the world is Communist.

I respect the integrity of what has been said. I do not respect the judgment. I do not believe that by giving Communist governments help, thus relieving them of their responsibility to solve their problems, we are helping our country.

Let us take a look at that thought. How are the Communist governments going to fall? We will not go into their lands. We indicated that at the time of the Budapest insurrection. We indicated it in Poznan. If there is to be a collapse, it must come from the people within the nation rising, saying, "You have not provided us with those things that we need in life."

They will never rise if we keep giving the Communist governments the things that the Communist governments cannot produce and the things which the people want and need.

One word further on the amendment. The amendment is nothing more than a redeclaration of the law as it existed prior to yesterday's adoption of the Lausche amendment. It is nothing else. Under existing law, in order to provide aid under Public Law 480, the President must find that a country continues to maintain its independence. In the giving of aid to Poland, the finding has to be made that the Polish Government maintains independence.

The ACTING PRESIDENT pro tempore. The additional time of the Senator from Ohio has expired.

Mr. PROXMIRE. I yield 5 additional minutes to the Senator from Ohio.

Mr. LAUSCHE. I ask my colleagues in the Senate, Where is the independence of the Polish Government from the domination of Moscow?

That finding was made, namely, that it is an independent government free from the domination of Moscow.

Secondly, the President must determine that the Nation is not participating in any policy or program for the Communist conquest of the world. On that score, let us recognize the fact that the Marxian philosophy, which has been repeatedly avowed by Tito, as being his philosophy, states that there shall be no rest and no peace until all the world is communized.

I ask when, if ever, has Tito repudiated the Marxian philosophy? The only difference is that he claims that there shall be a communization along national lines, instead of on the basis of internationally controlled communism out of Moscow.

Third, the President must determine that the furnishing of such assistance is in the interest of the national security of the United States.

Give help to the enemy government. Lift it from its crumbling position. Thus do we aid the youth of our country.

To me, this is more than a momentary issue concerning the problem in Communist dominated countries. I want to feed those people. I have relatives in Yugoslavia—full cousins. But I have a love for the children of the United States, and to me the primary course must be one which will insure our life; and when our life is insured, ultimately we will be able to give to the Poles, the Hungarians, the Rumanians, the Czechoslovaks, the Macedonians, the Slavs, the Croats, and the Serbs not only food for their body, but spiritual food as well—that spiritual food consisting mainly of the ability to live as dignified human beings.

Mr. President, this amendment is nothing more than a redeclaration of what was changed yesterday. What I said yesterday is equally applicable to this amendment. It is on that basis that I will oppose the amendment.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. HICKEY in the chair). The Senator from Ohio will state it.

Mr. LAUSCHE. How does this amendment properly come before the Senate, if it is merely a redeclaration of what the law was before the adoption of the Lausche amendment yesterday?

The PRESIDING OFFICER. The amendment speaks for itself. It is in order.

Mr. LAUSCHE. According to the ruling of the Chair, the amendment is in order?

The PRESIDING OFFICER. That is the only question before the Chair.

Mr. LAUSCHE. Did the Chair wish to say something further?

The PRESIDING OFFICER. The purport of the amendment has been discussed by the Senate. The amendment is in order, and it is for the Senate to decide whether it is proper.

Mr. LAUSCHE. If the amendment contained the identical words of the law as it was repealed yesterday by the Lausche amendment, would the proposal of today be in order?

The PRESIDING OFFICER. The Chair cannot answer a hypothetical question. The amendment before the Senate at this time is in order.

Mr. LAUSCHE. It is in order. All right.

Mr. DODD. Mr. President, will the Senator from Ohio yield?

The PRESIDING OFFICER. The time of the Senator from Ohio has expired.

Mr. LAUSCHE. I ask for 2 additional minutes.

Mr. PROXMIRE. Mr. President, I yield 2 additional minutes to the Senator from Ohio.

Mr. LAUSCHE. I yield to the Senator from Connecticut.

Mr. DODD. In my judgment, the Senator from Ohio has made one of the great speeches in this body, great for its logic and eloquence.

Does the Senator know whether Tito is running a foreign aid program of his own?

Mr. LAUSCHE. Tito is running a foreign aid program of his own. He is running it in Africa, and I think it goes even beyond that.

Mr. DODD. How in the world can we justify giving aid to Tito, of all people, if he is handing out foreign aid from his own treasury to further the Communist cause? Certainly he does not give foreign aid to any free world country, does he?

Mr. LAUSCHE. I do not believe he does.

Mr. DODD. I think I can say categorically that he does not. To me, this amendment seems to compound the blunder in every respect.

Mr. LAUSCHE. A college professor of Slovenia went to Pakistan to teach. While teaching in Pakistan he came into contact with many of the Pakistanian leaders. He wrote me a letter in which he said that Pakistan was leaning more and more toward accepting a Tito type of government.

I make this statement in connection with my contention that by giving aid to Communist countries, we are encouraging all of the emerging nations to look favorably upon the Tito form of government.

The PRESIDING OFFICER. The time of the Senator from Ohio has expired.

Mr. PROXMIRE. Mr. President, I yield myself 2 minutes.

I support the statement just made by the Senator from Ohio, and I support it explicitly.

Recently, George Bailey, writing in the Reporter, said:

> The fitting of the Marxist formula into the natural anticolonial reaction is the greatest service the Yugoslav regime has made to the Communist cause.

In an article I cited yesterday, which was written by Milorad Drachkovitch for Orbis, published by the University of Pennsylvania for the Foreign Policy Research Institute, this statement was made:

> One of the ironic paradoxes of our time is that at least part of the generous economic assistance given by the United States to Yugoslavia as a calculated gamble to weaken the Communist bloc is used by Tito to undermine Western power and influence in the grey zones of Southeast Asia, Africa, and, less directly, Latin America.

The Senator from Connecticut [Mr. DODD] and the Senator from Ohio [Mr. LAUSCHE] are absolutely correct. There is no question that Tito has his own foreign aid program. It is a program for the advancement of communism throughout the world.

Mr. President, I yield 2 minutes to the distinguished Senator from Texas.

Mr. TOWER. Mr. President, I commend the distinguished Senator from Ohio for his eloquent argument. It is an argument which I think should be convincing to anyone. I supplement it by asking: Is it not true that it was Yugoslavia which delivered Imre Nagy into the hands of Khrushchev's murderers? Was it not in Belgrade that the so-called uncommitted countries met and castigated Western colonialism, but said nothing about the rape of Tibet and Hungary?

Mr. LAUSCHE. I can only answer that question by saying that my recollection is that sanctuary was given to nuns from Yugoslavia in our embassy in Budapest.

Mr. TOWER. I do not know how, by any stretch of the imagination, it can be said that Yugoslavia is pro-Western or pro-American, or is even inclined in that direction.

If the United States gives food to Yugoslavia and Poland, and if hungry people are fed, I ask, Does not that make the people more content with their lot? Is it not unlikely that people will rebel against the established order if they are content with their lot?

I think we should not retreat from the position we established yesterday. We have heard some comment from the State Department that that action will be interpreted as an abandonment by the United States of the captive people. I interpret it in just the opposite way. We are trying to bring down their governments. By helping them, we will not hasten the day when the monolith will crack from within.

Mr. LAUSCHE. Talk to the refugees from Yugoslavia, be they Croats or Serbs or Slovenes. Talk to them in Pittsburgh, Chicago, Cleveland, or Minnesota. Talk to the individuals who have fled from communism. They will say we are making a mistake every day by giving aid to the Communist governments which are keeping their people in thralldom.

Mr. PROXMIRE. Mr. President, I yield myself 2 minutes.

What this amendment does is not simply to wipe out what was done by the Senate yesterday. It is true that the amendment will still leave in the bill a prohibition against providing economic assistance to Yugoslavia. As I understand, the amendment applies only to Public Law 480 and to food shipments. So if the amendment shall be agreed to, I do not believe it will mean that all that was achieved yesterday will be wiped out.

However, Senators who favor the amendment have taken the position that the action taken yesterday will interfere with the maneuverability of the President of the United States. I admire and respect the President; in most respects I support him. However, the law has been interpreted clearly by the President now as permitting him to sell food under Public Law 480 to Poland, in spite of the clear provision in the law that no assistance shall be furnished under the act to any government of any country unless the President determines that such country is not dominated or controlled by the international Communist movement.

We all know that Poland is dominated and controlled by the international Communist movement. If it is not, then no country is.

Therefore, the issue is whether the Senate feels that Public Law 480 should be made available to Yugoslavia and Poland. That is the issue. If the amendment shall be adopted, aid will be made available to those countries. We know it will be made available. We have a complete history of such a procedure.

If the amendment shall be defeated—and I hope it will be defeated—then food will not be made available. As the Senator from Texas [Mr. TOWER], the Senator from Connecticut [Mr. DODD], and the Senator from Ohio [Mr. LAUSCHE] have so well said, probably the best instrument for peace that we have on our side is food—our abundance of food, the ability to produce it, and the stark failure of the Communists to match our agricultural ability and abundance. This is why Communist China declining and is losing her power, and it is also why Russia is having so much trouble.

Mr. TOWER. Mr. President, will the Senator from Wisconsin yield to me?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Texas?

Mr. PROXMIRE. I yield.

Mr. TOWER. Would not it be a little fatuous for us to believe that if we gave food to Yugoslavia and Poland, the governments of those countries would not only permit the people there to use that food, but also would encourage them to believe that the United States was kindly disposed toward them, and thus would help create a better feeling toward the West?

Mr. PROXMIRE. I think the Senator from Texas is correct. In my opinion there is no question that whatever we give to Poland does help the Soviet Union; and there is also no question that Poland exports a great deal of her agricultural products to Russia and to other Communist countries.

Mr. ERVIN. Mr. President, will the Senator from Wisconsin yield to me?

Mr. PROXMIRE. I yield 5 minutes to the Senator from North Carolina.

Mr. ERVIN. Mr. President, for some years I have opposed the foreign aid program as now established and administered, because in my judgment it pictures the United States in a very unfortunate way to peoples around the world. It pictures the United States as a bewildered old gentleman who is running to and fro, over the face of the earth, scattering the patrimony of his people among 99 nations, regardless of whether those nations are friends or are neutralists or are potential foes, and is doing so under the delusion that he can buy friends and purchase peace.

So, Mr. President, in my opinion the policy—which has prevailed for some years—of giving aid to Communist dictators and Communist nations is the height of folly.

It is quite conceivable, Mr. President, that if it had not been for the $2,500 million or more of foreign aid which was given to Tito by the United States, under the beguilements of the State Department, the people of Yugoslavia might today be enjoying freedom from Communist rule at this moment. It is the height of folly for the United States to declare, in one breath, "We are opposed to communism," but then to insist, in the next breath, that the money of the taxpayers of the United States must be used to assist Communist dictators such as Tito, to forge all the tighter the chains of communism on the people of Yugoslavia.

Mr. President, a few years ago, after the United States had begun foreign aid to Tito and had assisted him in forming the largest army in Europe outside of Russia, Tito went to Moscow and made a speech in which he said he would never again be separated from Russia. Within 4 or 5 weeks after that time, a debate occurred in the Senate of the United States in which we threatened to cut off foreign aid to Tito. At that time, however, the Senate was induced by the arguments now being made by the proponents of this amendment to pass a foreign aid bill providing, in substance, that in the discretion of the President, foreign aid to Tito could be continued. And it was continued ever since.

Within the past year, Tito has invited to Belgrade, his capital, neutralists from all around the earth. He invited them there when the Berlin crisis was at fever heat. In welcoming the delegates to Belgrade, he made a speech to the neutralists, and in it he stated, in substance, that Russia was right and the United States was wrong in the controversy about Berlin. Yet, Mr. President, in the face of that fact, it is here proposed and urged upon the Senate that we give aid to the Communist dictator of a country who has declared that Russia is right and the United States is wrong about Berlin.

I expect to vote against the amendment because I believe that the extension of foreign aid to a Communist dictator such as Tito not only belies our declaration that we are unalterably opposed to communism, but also serves to fasten all the tighter the chains of communism upon the people of Yugoslavia, who, but for the aid the United States has given Tito, might this very day be free and entitled to worship Almighty God according to the dictates of their own consciences.

Mr. DIRKSEN. Mr. President, I yield 10 minutes to the distinguished majority leader.

The PRESIDING OFFICER (Mr. PELL in the chair). The Senator from Montana is recognized for 10 minutes.

Mr. MANSFIELD. Mr. President, first, I ask unanimous consent that Sen-

ators who may wish to join in sponsoring the amendment offered by the distinguished minority leader and myself may be permitted to do so.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, there are some aspects of foreign policy with which, from time to time, I have found fault, under both Democratic and Republican administrations. However, in any showdown—and this is one—I believe I have always subordinated my personal opinion; and I have gone along with the President of the United States. I have done so because, under the Constitution, the President is the one man who is charged with the conduct of our foreign policy. I have made my final decisions in support of him because, first, I believe that any elected President of the United States is worthy of the highest trust and respect of the Senate, and, second, because I know that he has access to information which is not available to me; and it is information on which he, in the discharge of his responsibilities as the Chief Executive of our Nation, has to make the critical decisions.

Many of these decisions are, I know, politically unpalatable. They are difficult to explain in debate on the floor of the Senate. They are even more difficult to explain to the people in our home States, who lack the time to study the intricacies and complexities of the grave questions of foreign relations.

When we go home, do we explain to our people that what we really voted to cut off was surplus foods which were going to feed people in need; or do we explain, further, that our action on the floor of the Senate might under certain circumstances do untold mischief to the President's efforts to maintain and to adjust the delicate balance of forces throughout the world, which he understands far more fully than does any one of us, and on which literally depends the life or the death of tens of millions of people, including Americans?

There have been times—and I speak very personally in regard to this matter—when information which has been made available to the leadership could not, without detriment to the well-being of the Nation, have been made public, even under the most trying and difficult circumstances. In instances of that kind we have to place our faith and confidence in the constitutionally elected Chief of State of this Government. We have to be prepared to take whatever political consequences are entailed, because the welfare of the country must always come ahead of the political welfare of any individual Member of this body.

Over the years I have received a great deal of mail in opposition to our policy in regard to Yugoslavia and Poland. It is easy to vote that opposition; but to do so would mean to ignore the factors which all along indicated discontent and disagreement within those countries with the monolithic policies of the Soviet Union, and indicated tendencies to break away, and tendencies to follow a more independent national course, even though perhaps in small degree.

Can it be other than in the interests of this Nation, wherever possible, to further and encourage splits or breakaways in the monolithic nature of the Soviet bloc and to do so with our eyes open to the fact that these countries are still Communist controlled so far as their governments are concerned, but I would daresay not Communist controlled so far as their regimented people are concerned.

If we want to do what we can, especially in Eastern Europe, to break down the monolithic Soviet structure built by Stalin, and to let in a little of the air of freedom, it is my belief that it is imperative that we continue the policy started by Presidents Eisenhower and Truman in the cases of Poland and Yugoslavia, and continued by President Kennedy, by giving him the tools which he says he must have. Not to do so, in my opinion, may well force Yugoslavia back into the Soviet orbit and reduce whatever hopes the Polish people have of breaking away from control by Moscow. So as we go home, the fact is that all we have done is to tie the President's hands in carrying on the real struggle between freedom and totalitarianism.

There are no funds in this amendment for Yugoslavia. There was a possibility, as the acting chairman of the Foreign Relations Committee, the distinguished gentleman from Alabama [Mr. SPARKMAN] stated on yesterday that there might be a $10 million loan, not a grant, under the Development Fund for that country; but even this would have been subject to the discretion and control of the President and would be carried out within the confines of the authority granted to him under this act this year, as has been the case in years gone by under two other Presidents. But what the Senate did yesterday will insure that $80 million in surplus agricultural commodities which were destined to be sold not given, but sold—to Yugoslavia to feed some hungry people will stay, instead, to rot in the storage bins with the costs of storage being met by the people of this Nation. Similarly in Poland what is entailed is largely the sale of surplus agricultural commodities for local currencies to help the Polish people, perhaps something in the neighborhood of $60 million in food.

What the results of the action on yesterday would achieve, in effect, would be to throw away whatever results have been achieved under two previous Presidents and last year under our present President to modify the totalitarian structure of Eastern Europe.

These are factors which I would hope my colleagues would consider in their study and consideration of the proposal now before us. These are the factors which, however personally distasteful, the present course may be for any Member of this body, however politically unpalatable it may be in any State in the Union, we have got to face as men and women dedicated to the welfare of this Nation beyond any consideration of personal political welfare, in the interests of both peace and freedom. These are the factors which have motivated three Presidents of the United States—a Republican and two Democrats—to take this course, regardless of political consequence to themselves.

They have taken this course for one reason only—because they held it to be in the best interest of our country. We know, on the basis of our understanding of Mr. Kennedy when he served in this body and in the House, that he is a moderate man who is intent upon only one thing, as were his predecessors, namely, to carry out the obligations and duties of his office in a way and in a manner to safeguard the security and welfare of the people of the United States.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MANSFIELD. I yield myself 2 more minutes.

President Kennedy is no stranger to us. He is a man whom most of the Members of this body know personally and, I am sure, hold in the highest esteem. In his 8 years of service in the Senate, we have all had a chance to form our own estimate as to what he stands for, what he believes in, what he seeks to do. I have served under four Presidents in my 20 years in the Congress, and in my opinion President Kennedy is the best versed by far in the intricacies of foreign policy. He is the most understanding of the need of a good and mutual relationship between the executive and the legislative branches. He is entitled to the greatest possible amount of support we can give him, in carrying out the most difficult and demanding job in the world. He carries the greatest responsibilities and shoulders the heaviest burdens. Is there any doubt in this body that when he advocates, as he does in this instance, the continuance of the same course pursued by President Truman and President Eisenhower, he is not doing so with the best interest of our country in mind?

I would hope, therefore, that we would do our full share in holding up his hand and giving him the support which he needs to carry out the policies which this Nation's interests require and which the leadership of freedom entails. If he succeeds, we all succeed—Democrats and Republicans alike. If he fails, we all fail; and if that happens, there will be no dividing lines between the parties.

The responsibility to initiate, to propose, to carry out foreign policy is his. The responsibility to dispose in this instance is ours. I would hope that we would be able to exercise that responsibility as we have done, by and large, over the years with an awareness of the tremendous stakes involved and with a sense of dedication, beyond politics, to the welfare of our country.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MANSFIELD. I yield time to the Senator from Wisconsin.

Mr. PROXMIRE. I want to ask the majority leader if it is not true that, if

this amendment passes, the bill will still provide that there will be no economic assistance program, no economic development program, for Yugoslavia? What the Senator has said in his speech, as I understand it, is that there would be a small economic development program, but it would have to meet certain standards. As I understand, even if the amendment is adopted, in view of what we did yesterday, there will be no economic program. There may be a Public Law 480 program if it meets requirements laid down in the amendment. Is that correct?

Mr. MANSFIELD. That is correct.

Mr. GORE. Mr. President, will the Senator yield?

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the Senator from Tennessee.

Mr. GORE. Mr. President, Members of the U.S. Senate live up to their fullest function in exercising independent judgment. I would be the last to question the right of a Senator or the duty of a Senator so to do.

In this particular case I suggest that our Ship of State is sailing in uncertain dangerous waters. Foreign policy is by no means an exact science.

This amendment brings to the floor of the Senate an issue that is not new. It brings to the floor of the Senate an issue in which the position taken by various Senators is not a new position for them.

The distinguished senior Senator from North Carolina, in opposing the amendment, stated he had voted against all the foreign aid bills for some years.

The distinguished senior Senator from Ohio stated that he has held the views he has expressed today for a number of years.

Those Senators have that right.

I would like to cite that the position which Senators who are supporting the pending amendment take has in general been endorsed by three Presidents and every Secretary of State who has served under those three Presidents.

In this regard I raise the question as to whether the policy of the previous two administrations and that of the present administration have been successful.

Earlier today I made the statement that the U.S. foreign aid program had encouraged deviation on the part of Yugoslavia. I propose now to demonstrate the accuracy of that statement.

I do not propose to demonstrate that Yugoslavia holds views generally parallel to those of the United States, but I propose to demonstrate that Yugoslavia has asserted independence by her votes in the United Nations and by her membership in organizations identified with the West.

Last year, when highly controversial issues were before the United Nations, upon occasion Yugoslavia voted not with the U.S.S.R. but with the United States of America. Let me cite some instances.

On October 20, 1961, there was under consideration a resolution endorsing the report of the Atomic Radiation Committee. The report included implicit criticism of the Soviet nuclear weapons test. The Soviet Union did not vote for that resolution. Neither did India. Neither did Indonesia. They all abstained. Who voted for it? Well, the United States did. And so did Yugoslavia.

On the 27th day of the same month there was under consideration a resolution appealing to the Soviet Union not to detonate the 50-megaton bomb. How did the Soviet Union vote? "No." How did Yugoslavia vote? "Yes." How did the United States vote? "Yes."

On the 20th day of December last there was pending a crucial question concerning the authorizing of financing for United Nations operations in the Congo. Let me disgress to say that the fight for the Congo was a fight for Africa.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. GORE. Will the Senator from Illinois yield me 3 additional minutes?

Mr. DIRKSEN. I yield 3 minutes to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 3 more minutes.

Mr. GORE. Rightly or wrongly, President Eisenhower decided, in response to the appeals for aid from the central government of the Congo, that aid should go not directly from the United States, but from the United Nations.

Last December it became necessary to authorize financing for the United Nations operation in the Congo. How did the Soviet Union vote? "No." How did Yugoslavia vote? "Yes." How did the United States vote? "Yes." How did India vote? "Yes."

On December 20 last there was a question of authorizing United Nations emergency funds for operations in the Middle East. How did the U.S.S.R. vote? "No." How did the United States vote? "Yes." And so did Yugoslavia.

Again, last December there was a question of approving the $200 million bond issue of the United Nations. Yugoslavia and the United States voted "Yes." The Soviet Union voted "no."

Mr. President, I do not cite these votes as evidence that Yugoslavia has embraced the Western position on all questions, but I cite them as evidence that Yugoslavia has demonstrated a capacity and a willingness to be independent of the Soviet Union. I can cite other instances.

I have had the privilege of sitting at the conference table, as a U.S. delegate to the General Agreement on Tariffs and Trade in Geneva, with representatives of Yugoslavia. Not only are the Yugoslavs members of GATT, but, also, they are members of the World Bank, and they have an associate membership in the OECD and in the International Monetary Fund. Seventy percent of their trade is with the West.

I say to Senators that the chance taking by former Presidents Truman and Eisenhower and by President Kennedy, and all their Secretaries of State, to try to encourage the deviation of Yugoslavia, has paid off; and I am willing to undertake some more chance taking on behalf of freedom, rather than to tie the hands of the President in respect to an attempt to counterbalance the efforts at subversion and penetration by the Soviet Union into the ranks of the free world.

Mr. DIRKSEN. Mr. President, I yield 5 minutes from the time on the bill to the Senator from Minnesota [Mr. HUMPHREY].

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 5 minutes.

Mr. HUMPHREY. Mr. President, I rise to respond in part to some of the statements made earlier this afternoon. I feel that, while those statements were made in all good faith, as the Senator from Tennessee pointed out, they were not necessarily factual.

The first point which needs to be made is that the amendment which was agreed to yesterday would help no one except the Communist bloc, which would have a greater grip upon the satellite countries than ever before. The amendment would strike down a number of programs which have been widely supported by the American people.

These programs include the distribution in Poland and Yugoslavia of food parcels as gifts from American citizens; school lunches, by such organizations as Care, Church World Relief, and Joint Distribution Committee; and emergency aid in foodstuffs and medicines, such as was provided to the Hungarian people after their valiant effort to achieve freedom in 1956.

The amendment would also strike down the completion of the Children's Hospital in Poland.

I say to the good Senator from Tennessee, who has given us an excellent documentation of some examples of independence on the part of the government of Yugoslavia, that only a few minutes ago the Presiding Officer told me that at the time of the Hungarian revolution and rebellion Yugoslavia accepted 20,000 refugees from Hungary.

Furthermore, when I hear it said on the floor of the Senate that Imre Nagy was literally purloined away, taken by the Yugoslavs and handed over to Khrushchev, I say that is not true. It is not a factual statement. Imre Nagy was invited by the representatives of the Soviet Union to a conference, and he went, and he was taken away.

I add that the feeling expressed by some of our colleagues, that if we had not given aid to Yugoslavia the people of Yugoslavia would be free, is nothing but an assertion, and surely not supported by history or by fact. It would be as true to say that if we had not given aid to Yugoslavia, Stalin would have put his grip on Yugoslavia forever.

The fact is that when President Truman and President Eisenhower and two Secretaries of State recommended that the President be given authority—that is what we are talking about; some leeway, some authority, some flexibility—to extend aid to Yugoslavia or to Poland, when it was in our national interest, that authority was requested because the President then felt, as the President now feels, that this would loosen the hold of the Soviet Union upon those countries.

It has. Mr. Khrushchev has been wooing Mr. Tito. Tito has not been wooing Mr. Khrushchev. Why is Khru-

shchev sending his emissaries to Yugoslavia? Because, with Western assistance, Yugoslavia has been pulling away from the Communist bloc. That is testimony as to the effectiveness of the program.

I wish to make quite clear that I do not like dictators, whether they are Communist dictators, Fascist dictators, military dictators, or penny ante dictators. I do not care for any of them. I have spent a lifetime fighting communism where it counts, even here in the United States. But I do not think we can fight communism by tying the hands of the participants and saying, "The only way we can fight communism inside the Soviet bloc is by the direct use of military power."

Mr. CLARK. Mr. President, will the Senator yield for a question?

Mr. HUMPHREY. I yield.

Mr. CLARK. The Senator is a valuable member of the Senate Committee on Foreign Relations. He remembers that what stopped the Communist revolution in Greece was the closing of the Yugoslavia border. Does the Senator think that if we cut off all aid to Yugoslavia, there is not much doubt that the border would be opened and we might well have another civil war involving the Communists, who would move into Greece again?

Mr. HUMPHREY. Mr. President, on my responsibility as a U.S. Senator, I wish to say that in conversation with high officials of the Greek Government in Athens, Greece, last October, I was told that if anything would disrupt relationships between Yugoslavia and Greece, the southern flank of NATO could not be held by the Greeks.

I am not arguing for Tito. I do not care one hoot about Tito. In fact, I wish he were gone. I am arguing for the right of the President of the United States to exercise his authority as Commander in Chief in this country for national security purposes. The Congress has not denied the President the right to use the Armed Forces wherever he may see fit.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HUMPHREY. I ask 3 more minutes on the bill.

Mr. DIRKSEN. I yield 3 additional minutes on the bill.

Mr. HUMPHREY. I notice that the amendment does not provide that the President of the United States may not join with any country in terms of using the Armed Forces. But he may not use any authority under the Mutual Security Act with relation to the countries that are supposedly under Communist domination, even if the President finds that it would be in the national interest to do so.

I ask Senators what would be better than for the President of the United States, by the use of mutual security funds, food, or anything else we have, to completely divide Communist China from the Soviet Union. What could be better for America? But the amendment to which the Senate has agreed provides that the President cannot take such action. Even if the result were possible, it could not be done.

I conclude by pointing out that we are talking about Public Law 480. The amendment of the Senator from Wisconsin [Mr. PROXMIRE] did not include a provision related to Public Law 480. So the pending amendment is in concert with or within the scope of the Senator's amendment. What we are talking about would not provide economic assistance. The amendment of the Senator from Montana is related entirely to the Agricultural Trade and Adjustment Act, known as Public Law 480.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from West Virginia.

Mr. RANDOLPH. In essence, the Senator from Minnesota has indicated that Tito is a Communist.

Mr. HUMPHREY. Of course he is.

Mr. RANDOLPH. The Senator is apparently correct. The leadership of his regime is certainly communistic. But I think we should realize that at least 70 percent of the trade of Yugoslavia is with the West. This contact with non-Soviet bloc countries is surely a salutary situation—and holds promise of cooperation, rather than opposition from the people there. Is that not true?

Mr. HUMPHREY. That is the fact. Furthermore, as every Senator knows, every time machinery is installed in another country by a manufacturer in our country, we have the responsibility for providing spare parts, which, in a sense, holds one country to another.

Mr. RANDOLPH. Is it not possible that a breakthrough may come within a year or two years? Of course, a certain period of time is not possible for such determination. Is it not a fact that those elements within Yugoslavia which are more youthful than Tito, conditioned on his age, and his regime, are eager or at least cognizant of reasons to work with Western Powers?

Mr. HUMPHREY. I hope it is. I wish to be very frank about it. The Senator from Minnesota joins the senior Senator from West Virginia in his hope for the future.

As I said to the distinguished Senator from Connecticut [Mr. DODD], I feel that we would take a risk. It is a question of judgment. I think the facts are that the younger element has a greater desire to work with the West.

Mr. RANDOLPH. It is a calculated risk; but is it not one that should be taken?

Mr. HUMPHREY. Indeed, it is. Everything we do today is a calculated risk. When we perfect atom bombs it is a calculated risk.

Mr. President, we are really talking about one question. Shall we deny President Kennedy, who today faces some of the most difficult problems in the history of our Nation, the same authority, the same latitude, and the same flexibility that we gave to two previous Presidents? I ask my colleagues what right we have to call upon the President of the United States to act in terms of protecting and defending our Nation when we are determined to tie his hands in one part of the world? What would the amendment agreed to yesterday do to weaken the Communist bloc?

I ask Senators to name one Communist country in which hunger and poverty have stalked the land and in which communism has been broken.

In countries in which hunger, poverty, and disease have stalked the land, communism has fastened its hold upon the people even more severely.

We have entered upon a program of risk. We are taking some chances. But I submit that the policy which has been followed has paid some dividends. Today Poland is a freer country than it was 10 years ago. Today Yugoslavia is closer to the West than it was 15 years ago. I submit that we should continue to follow that policy.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. AIKEN. I should like to cite an example of what the Senator from Minnesota has said regarding conditions in Poland as compared with what they were 5 or 6 years ago. At the time the Polish delegation came to the United States soliciting wheat from us, the Polish farmer, who, incidentally, never succumbed to collectivism, was required to sell 80 percent of his production to the Government at a low price. He was permitted to sell the other 20 percent of his production on a free market and get what he could for it.

As I recall, the price of the wheat to the Government was about $1.20 a bushel. On the free market the price was $2 a bushel. The government did not dare to let the farmers sell more on the free market until they had some reserve. We sold them that reserve. About a month ago I inquired with respect to what the situation is today and was informed that today the Polish farmer is required to sell 20 percent of his production to the government, and he can sell 80 percent on the free market.

Mr. HUMPHREY. I thank the Senator from Vermont, who I believe has made two distinct contributions to the discussion today by pointing out facts. It is easy to deliver an anti-Communist speech. Every Member of this body is anti-Communist. The question is, what is the best way to pursue a course of foreign policy which will weaken totalitarianism? I do not think the amendment agreed to yesterday would weaken anything but the power of the United States. I think the Mansfield-Dirksen amendment would repair a great wrong and do much to strengthen the security of our Nation.

Mr. PROXMIRE. Mr. President, I yield five minutes to the Senator from Connecticut.

Mr. DODD. Mr. President, as I have tried to follow the debate, the argument for the amendment is threefold.

It is argued that because the program has been continued under three Presidents, it should be continued further. I feel, on the contrary, that the longevity of this program is the best argument against it. Fifteen years and $4 billion had failed to give us any advantage. Why continue?

Has the program been effective? During the period of time in which it has been followed, the Communists have grown in strength. More than a billion

people are under their control. They are pressing us on every front. I do not know of any place in which they have lost. Yugoslavia has changed from open hostility to the Kremlin to open partnership with the Kremlin. Communist Poland is steadily cracking down on the limited freedom it permitted a few years ago. Where are the fruits of our long and costly aid to these Red regimes?

The argument has been made—and it is effective, to me anyway—that many of the people in the countries involved are hungry. If they are hungry, it is because of the kind of tyranny under which they live and the kind of government under which they live.

There is no sign that these governments have any intention of changing their ways; rather, every time we give them help of this sort, they are able to spend more money on bombs and weapons, more money to strengthen their apparatus of suppression and enslavement.

It has been argued that we in the Senate do not know all we should know about this question. I am sure that is true. I am sure that will always be true. However, when I look about me and see distinguished and experienced Senators who serve on the Committee on Foreign Relations and on other important committees, I must say, if they do not know, why is it that they do not know? I believe they ought to know.

It is hinted that the President or the State Department possesses an insight into this question, that they have special knowledge, and that it would be irresponsible for the Senate to have an opinion of its own. Well, if we in the Senate are not qualified to pass judgment upon an issue as old, as hackneyed, as simple, if we do not possess the special knowledge to judge a question with so long and well documented a history as this one—what issue are we entitled to pass upon? How can we do our work? How can we fulfill our responsibility? What are we doing here if we have nothing to do with the program or do not know enough about it? Why are we talking about it at all?

Obviously, we have a responsibility. This program has not been successful so far as we are concerned. It has had an ample trial period and it has failed.

How can we ask the American people, on one hand, to pay heavily in taxes to defeat communism, and on the other hand, to pay heavily for support to communism? It is utterly illogical. It does not make sense. This is the fault I find with it. How this kind of program can continue, and how we can expect it to be successful, is more than I know.

An argument has been made by the distinguished Senator from Tennessee [Mr. GORE] based upon the number of times Tito or his representative in the U.N. has voted the same way we voted.

This may very well have been in their interest. I am sure the Senator from Tennessee would agree with me that they often do this sort of thing. It is argued that because they vote the same way we vote, they are on our side. That is not true at all. They do not pretend to be on our side. They boast about being on the other side. They never let us forget it. Tito is carrying on a foreign aid program for Communist countries, and at the same time he is getting help from us. This is silliness in the second or third degree, if it is anything at all.

We did the right thing yesterday. I hope we do not destroy it today. We shall be stronger if we stick to our guns.

If the people in the Communist world are as hungry as we are told they are—and many of them are—why do we not offer to do what Herbert Hoover did in Communist Russia? Why do we not send our people over there under the American flag, with all kinds of equipment and say, "If your people are hungry, we will feed them. We will give our food directly to hungry people, but not to their Communist governments." This the Communist dictators will not permit, because food for their hungry is not what they want. They want to get food from us so that they can divert their economy to aggressive purposes. That is what they are doing and we are helping them. I am sure that no one in our land would argue against feeding the hungry under proper circumstances. But under present circumstances, we are feeding the Red war machine, not the hungry. And by feeding the Red war machine, we are only widening the scope and lengthening the duration of human misery.

Mr. President, I shall vote against the amendment. I hope it is defeated.

Mr. PROXMIRE. Mr. President, I yield 2 minutes to the Senator from Texas.

Mr. TOWER. Mr. President Mr. McGeorge Bundy indicated that our action yesterday in adopting the Lausche amendment had pushed the Tito government closer to the Russians. He said, "Nothing could be more dangerous than the achievement of a monolithic unit under Soviet leadership, such as Stalin exercised in the immediate postwar period."

By act and by word Tito has proven that he is now closer to the Soviet Union that he has been since 1948.

Much has been said about Presidential responsibility in the field of diplomacy. The fact remains that the Senate has a constitutional and continuing responsibility in the field of foreign policy and its implementation.

Is nothing to be left to our wisdom and judgment? If we adopt the pending amendment, we shall retreat from the position we took so decisively yesterday, and we shall announce to the world that more than two-thirds of the Members of the Senate, present and voting yesterday, acted precipitately and foolishly. Then how much respect can anyone have for this body?

Mr. PROXMIRE. I yield 3 minutes to the Senator from South Carolina.

Mr. THURMOND. Mr. President, I hope the Senate will not adopt the pending amendment. I have heard many favorable comments about the action taken yesterday. The proponents of this amendment can find no solace in the United Nations voting record of Yugoslavia, regardless of contrary assertions. I remind the Senate that on the 37-power resolution, which was adopted by a vote of 54 to 10, Yugoslavia voted with the U.S.S.R. and against the United States; that on the 24-power resolution, which was adopted by a vote of 53 to 10, Yugoslavia voted with the U.S.S.R., and against the United States.

In 1961, last year, Yugoslavia voted with the Soviet Union and against the United States on approximately 21 separate votes. Yugoslavia voted with the U.S.S.R. and against the United States on Tibet. It voted with the U.S.S.R. and against the United States on Hungary. It voted with the U.S.S.R. and against the United States on the U.S. resolution against seating North Korea. It voted with the U.S.S.R. and against the United States in denominating the Chinese representation question as an important question. It voted with the U.S.S.R. and against the United States on the resolution to seat Red China.

On practically every question of importance Yugoslavia has voted with the U.S.S.R. and against the United States.

I remind Senators of what I saw in a film only a few days ago. It was a filmed interview between Edward R. Murrow and Tito. It was filmed in 1956. This film, incidentally, has not been made available to the American people, but is being kept secret. I wish everyone could see it. This is Tito's response as recorded in that film, in reply to a request that he describe the basic difference between communism in Yugoslavia and communism as practiced in the Soviet Union:

> These are not big, ideological differences. They are not too big. We have the same aims—that is to say, the building of socialism and communism.

Tito readily admits that his eventual goal is exactly the same as that of the Soviet Union.

In my opinion, if we send food to Yugoslavia or Poland or any other Communist state, we are aiding in building up that country's entire economy. What more can we do for a country than to give it food and enable it better to provide itself with armaments? We are providing a vital necessity of war, food, when we help Communist-dominated countries by sending them food.

I am confident that the American people do not want the pending amendment adopted. I am confident that the American people are against sending food to Communist-dominated countries. If we are going to win over communism, we must take decisive action.

The Senate is to be congratulated upon its action of yesterday, because it was the kind of decisive action which is so desperately needed. I hope it will be sustained and that the pending amendment will be defeated.

Mr. DIRKSEN. Mr. President, may I ask how the time stands?

The PRESIDING OFFICER. The proponents have 4 minutes remaining, and the opponents 6 minutes.

Mr. DIRKSEN. I yield 4 minutes to the distinguished Senator from Alabama [Mr. SPARKMAN].

Mr. SPARKMAN. Mr. President, there is little that I can say that I did not say

yesterday in connection with the sweeping amendment that was adopted by the Senate. Certainly there is little that I can add to what has been said on the present amendment, offered by the distinguished Senator from Illinois, the minority leader [Mr. DIRKSEN], in conjunction with the distinguished Senator from Montana [Mr. MANSFIELD], the majority leader.

The amendment would not repeal the amendment of yesterday. I believe that is something that ought to be remembered. The Senate made known its will in adopting that amendment yesterday.

I am rather of the opinion that some Senators, perhaps, did not realize just how sweeping was the amendment adopted yesterday.

I have heard Senators speak on the floor about the desirability of our devising some kind of plan under which we could give relief to the stricken Chinese, even in Communist China. I wonder if the same Senators realize that in supporting the amendment yesterday they were voting against that very thing. I do not know whether it would be possible to devise a workable plan. However, it has been suggested that the desired result might be achieved under the International Red Cross.

That could not be done under the amendment as it is now written. It would not be possible for the United States to assist any Communist country, regardless of the hunger, despair, or misery that might exist, through the International Red Cross, to give of our surplus food products, under the amendment as it is now in the bill.

The proposal offered by the majority leader and the minority leader simply would remove that inhibition upon the use of Public Law 480. It would not change the economic aid that might have been given, although there is no certainty that it would have been given. When I use the word "given," I mean the aid that might have been made available. It could have been in the form of a loan. As I stated yesterday, it was anticipated that there might be as much as $10 million in development loans made to Yugoslavia if the bill had passed without the adoption of the Lausche amendment. However, the amendment offered by the leadership does not change that situation. There will be no development loan funds available for Yugoslavia under the amendment which was adopted yesterday, even if the amendment offered today shall be agreed to.

The amendment now before the Senate will make possible, under the various provisions of Public Law 480, the supplying of agricultural products.

I believe the situation with reference to Yugoslavia and Tito has been fully explored. Everyone knows that Tito is a Communist. Everyone knows that Yugoslavia is a Communist nation. However, I still believe we ought to leave to the discretion of the President the decision of how the problem can be handled in such a way as best to serve U.S. foreign policy. We must trust someone, and I know of no one whom we can trust better than the President of the United States. I hope the amendment will be agreed to.

Mr. PROXMIRE. Mr. President, I yield myself 5 minutes.

I oppose the amendment, and I oppose it strongly. I do so knowing full well, as the majority leader said in his excellent speech, that President Kennedy is a real expert in foreign affairs. I trust his judgment in virtually every respect. However, the issue before the Senate is very clear. The issue is, Will we make food available to Yugoslavia and Poland or will we not, regardless of the language of the amendment?

We are virtually certain that if the amendment shall be agreed to, food will be made available to the Communist governments of both countries, and that will be that. It was made available before, although the language was almost as restrictive as it is in the pending amendment.

The fact is—and perhaps too few people realize it—that we are beginning to win the cold war. Communism is beginning to lose, and for one paramount reason: American agriculture is strong and has abundant food-producing capability. We are using that food, and using it effectively, throughout the world today.

Communist agriculture is failing dismally. The Chinese are starving under communism, and there are reliable reports that the Chinese Government is in trouble. The same may be true, although to a lesser extent, of Russia. At any rate, we know that the Russians have serious agricultural problems. We also know that they have a choice between guns and butter, and they have chosen guns because they can get a little more butter through Yugoslavia or Poland, so that their armament program may be made more effective.

The Senator from Tennessee [Mr. GORE] made a stirring speech about the votes by Tito in the United Nations in support of our position. The Senator from South Carolina [Mr. THURMOND] answered the Senator from Tennessee very well. However, I wish to emphasize the position of Tito on the really big issues in his latest speech delivered in Belgrade last September 3. Here is the really significant Tito position.

Tito endorsed the Khrushchev proposal for disarmament, but derided what he called the U.S. fetish for armament inspection. This statement was made only 2 days after the Russians resumed nuclear testing. Tito expressed his understanding of the reasons invoked by the Soviet Union for resuming nuclear tests in the atmosphere.

In addition, Tito endorsed the thesis of the two German states, one of which he said was acquiring a "more outspokenly new social character." He referred to East Germany in that regard, whereas he described West Germany as "a typical capitalist social system pregnant with interwoven remnants of Fascist and revenge conceptions and tendencies."

Also, Tito asked for a modification of the role of the Secretary General of the United Nations, suggesting that the position be downgraded to one of a simple administrator or functionary of the United Nations, without political independence.

Furthermore, Tito also got into the inter-American act when he supported Cuban resistance to the aggressive intervention of the U.S.-supported freedom fighters.

Mr. President, Tito is against us up and down the line. Tito has a foreign aid program. That has been documented; there is no question about it. It is working everywhere, as Tito has said over and over again, to support militant communism and international proletarianism.

It seems to me that the Senate, given a choice of voting on whether food will continue to be made available to Yugoslavia and also to Poland, has a very clear opportunity to vote in favor of freedom and against communism.

The question has been raised: What about China? Indeed, what about China? The fact is that the Chinese have been failing, they have been losing power, they have been losing influence.

The statement has been made that under the amendment adopted yesterday it will not be possible to help the stricken Chinese. I earnestly hope we do not help the stricken Chinese in China. The way to help the Chinese people is to help the refugees. But I cannot think of anything more ridiculous than for the United States to give food to stricken people in China through the Red Chinese Government when that government is in serious trouble. And why is the Red Chinese Government in trouble? Not because it lacks factories or armament, but because it lacks food. We are winning in Asia and Africa and throughout the world because American freedom means food and where communism goes hunger follows. Why in the world should we give that winning advantage away to the Communist nations?

The PRESIDING OFFICER. All time for debate on the amendment has expired. The question is on agreeing to the amendment offered by the Senator from Montana and the Senator from Illinois.

Mr. DIRKSEN. Mr. President, I yield myself 10 minutes under the bill.

At some season, the House of Representatives will also pass on the foreign aid bill. If perchance the House should adopt something so sweeping as and comparable to the amendment which the Senate approved yesterday, then any mistake which might have been made could not be retrieved, for then the bill would be beyond the confines of Congress, because it would be an agreed matter.

I should like to take a second look. I voted for the amendment yesterday, and I suppose that under comparable circumstances I would do the same thing all over again, because basically I do not differ in my views with the distinguished Senator from Ohio [Mr. LAUSCHE] or the other Senators who have labored the issue and indicated their opposition to the pending amendment.

But the House could very well adopt such an amendment as the Senate ap-

proved yesterday. Then there would be no chance to retrieve it. The bill would go to the President for signature after the conference had worked its will upon the other points in disagreement.

So I believe this is a timely opportunity to do a little thinking as to whether we did go too far. In so doing, and in considering the amendment now before us, I do not for a moment feel that I walked up the hill and am walking down again. It may be a partial walk-down, if someone wishes to put it on that basis. However, we are dealing with only one statute, and that is Public Law 480, which relates to the disposal of surplus commodities. Nothing else is involved. The military is not involved. The development grants are not involved. The economic assistance is not involved. The amendment relates wholly to the field of surplus commodities.

Mr. DWORSHAK. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. Please let me finish in a moment.

It is rather singular that on last count there were 103 nations which enjoyed membership in the United Nations. Out of 103 countries, only 2 have been mentioned in the whole course of the debate. One is Yugoslavia; the other is Poland. I am fully aware of the situation in those countries, but I am aware also that we have surpluses. I am aware also that the people of those countries can become the victims of hunger, famine, and distress.

So, Mr. President, if we can do something that is workable and feasible, and at the same time constitutes no retreat in principle, then I believe that, as a humane matter, I should like to do it.

Mr. President, some weeks ago I stood on a platform in Humboldt Park, in Chicago. A long parade had ended there; and in front of the speaker's stand were probably assembled, by the most modest calculation, 50,000 people of Polish ancestry—although only a small part of the total number of people of Polish ancestry in the city of Chicago, alone. The occasion was the 171st anniversary of the 1st free Polish Constitution. It did not last long, for under the knife wielded by the major powers, over a long period of time there came the partition of Poland and her continual weakening, until at long last she became a victim of conflict in our own time and generation. As I talked to that crowd, I saw people in it weep because of their attachment for their ancestral homeland.

It is interesting, Mr. President, that under the provisions of the CARE program, which is privately administered, any Polish father, any Polish mother, any Polish grandfather, any Pole, can send CARE packages to Poland, for the relief of the distress of those people, many of them their kinfolk. Has any Senator stated here that it is all right for that to be done, but that it is not all right for our Government to do it? No one needs remind me of the difference, in view of the fact that here we deal with the public funds, whereas they are dealing with their own funds. But if there is any essential logic in the discussions we have had here this afternoon, then why do not Senators offer to this bill an amendment to stop any American citizen from sending a CARE package to Poland or to Yugoslavia? If Senators wish to be consistent in fighting communism and in following the thesis that, somehow, food helps sustain the brutal and evil Communist ideology, then let them go the whole hog and stop every citizen of this country from operating contrary to the desires of his Government. What a seemingly inconsistent position.

This afternoon I could, insofar as my own funds would permit, purchase foodstuffs here in the Nation's Capital and send them to Poland or to Yugoslavia; and is there anyone who then would say that what I was doing was sustaining the Communist ideology? Mr. President, there is no logic in such a position.

So I do not wish to see this mistake made—if it is a mistake. This is a time to do a little further considering, so that when the bill goes to conference, and if the House of Representatives perchance writes in an equally restrictive amendment, there will at least be something about which to bargain in the conference.

Mr. President, this is not the first time I have been confronted with an awkward situation. In 1959 there was a time when I stood on this floor and fought the leadership on this side. I remember when the President was red faced at the White House when some of his own leaders refused to sustain his position, and when he looked at me and asked, "Will you carry the flag?" I replied, "Mr. President, I will carry it for you."

And today I want to do as much in that field for the present President as I was willing to do then for the President who bore the label of my party.

I think I have recited this matter to the Senate before. It was a different dish then; it was not a case of surplus food—much of which is spoiling today, even in some of the warehouses in Texas. [Laughter.]

I want to do the right thing. But in that instance the problem was a different one. The question was whether to send planes—not surplus food—to Yugoslavia. Senators know that story. Those planes were purchased for a Navy account, and they were in Canada. They were obsolete before they were delivered. They were sent to London, to be rebuilt; and when the Navy mission went there, the planes were obsolete. We could not even give them away. Portugal would not even take them. Finally they became training planes which were offered to Tito. The welkin fairly rang, on that occasion, in this Chamber. And when John Foster Dulles came to my office and said:

Here is the ammunition, but you cannot use it.

I replied:

Mr. Secretary, you have given me a nice, shiny, effective gun, but you have not given me any ammunition for it, because all you have laid on my desk is marked "classified," "confidential," and "top secret."

The PRESIDING OFFICER. The time available to the Senator from Illinois has expired.

Mr. DIRKSEN. Mr. President, I yield myself 5 more minutes.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 5 more minutes.

Mr. DIRKSEN. Mr. President, you remember what happened. The Senate did sustain the President of the United States. Involved at that time was merely $400 million, not food. What was involved was military contraptions for training purposes.

What argument was made then? It was argued that Tito could not keep his airplanes going without constantly obtaining spare parts from our country, and thus we hoped to have a sufficient hold to keep him at least partially oriented in our direction, in the hope that one day there would be a breakthrough.

I hope it will happen. I hope it will happen in the case of Poland and the great, rugged, robust Polish people, whose children and grandchildren constitute so great a part of the population of the United States today.

So they are permitted to sustain their fellow countrymen, and I am privileged to do it, and no one will say nay; but when it comes to our Government, out of its abundant largess, with corn, wheat, cotton, and other foods running out of ears, and with powdered milk piling up and with butter piling up in the warehouses and with the farmers clamoring for relief from the surpluses, in the hope that prices can be stabilized and that it can be made possible for them, too, to share in the benefits of our economy, how silly it would be under those circumstances to let the minority leader send to Poland or Yugoslavia as much food as his purse would permit, but not permit his Government to send a nickel's worth of it there, when we have so much to spare.

Mr. President, we have tried to nail down the language used in the amendment. I was not an original party to it; but when it came to my attention, I went to the distinguished Senator from Iowa [Mr. HICKENLOOPER] who serves on the Foreign Relations Committee, and I went to the distinguished Senator from Vermont [Mr. AIKEN], who has done so much in this field, and who also serves on that committee, and I asked them, "What is your estimate of this matter? Is there something we can do, and still preserve the basic objective we had in mind yesterday when we approved the combination Lausche-Proxmire-Cotton amendment?"

I think all three had a little hand in it.

The distinguished Senator from New Hampshire during the debate on the floor said he thought we had gone a little too far, and that he was not happy over the fact that we included in this particular interdiction the authority conferred on the President in Public Law 480. So the amendment was modified somewhat. However, I think the requirements in the conjunctive, so that all this must be complied with before the authority can be exercised, is a sufficient protection, and it provides some bargaining power assuming the House of Representatives might take some comparable action in this field.

I think by now all of the Members of the Senate are conversant with the terms of the amendment, which provides that nothing herein shall prohibit assistance under Public Law 480 if prior to furnishing such assistance—this is not a subsequent finding; it is a prior finding that the President must first make; it will require some exploration on his part; he must find—the recipient country is not directly or indirectly involved in any policy or program for the Communist conquest of the world.

He must not only make that finding, but must make another finding. He has to find that the recipient country is not controlled by a country promoting the Communist conquest of the world.

Then he must make a third finding, that the furnishing of such assistance is in the interest of our national security.

The PRESIDING OFFICER (Mr. CANNON in the chair). The time of the Senator has expired.

Mr. DIRKSEN. I yield myself 2 additional minutes.

With the world so feverish, how can we tell, at one moment or another, what might serve the national interest or national security? We have our intelligence sources all over the world. To a degree we always must accept the role the President occupies in this whole field. So he must make an exploration or finding; and if he is satisfied on that point, and then notifies the committees of the Senate and also the Speaker of the House, then and only then is he free to exercise the authority under Public Law 480.

I think it is sufficiently restrictive. I can think of something I could add to it. But I think if we open the door now, there will be other suggestions, and there will be almost interminable discussion before we get through, and we still may not approve it. But there is still another look at it before it goes through conference.

Mr. DWORSHAK. Mr. President, will the Senator yield 1 minute to me before he yields the floor?

The PRESIDING OFFICER. The time of the Senator from Illinois has expired.

Mr. DIRKSEN. No; I have time under the bill.

The PRESIDING OFFICER. The Senator is correct.

Mr. DIRKSEN. I yield to the Senator from Idaho.

The PRESIDING OFFICER. How much time does the Senator yield?

Mr. DIRKSEN. I yield myself 2 minutes.

Mr. DWORSHAK. The Senator from Illinois has stated that this amendment, dealing only with surplus food commodities under Public Law 480, does not in any way deal with economic assistance.

Mr. DIRKSEN. That is what we are dealing with. It might be called economic assistance.

Mr. DWORSHAK. Does the Senator know that title I of Public Law 480 authorizes the sale of surplus agricultural commodities to friendly countries for their own currency? Subsequently those currencies are used for various economic projects—for roads, dams, and any conceivable project. Would the Senator contend that the use of those currencies for such projects does not in fact constitute economic assistance?

Mr. DIRKSEN. I would not contend it for a moment, because we sell for foreign currencies, and under the law as approved by the Senate we have made it possible to separate the money and put some into this place and some here and some there, and there is no tag on it as to how it is to be expended. But the distinguished Senator from Vermont indicated on the floor how much was sold to those countries for the dollar account, quite aside from local currencies.

Mr. DWORSHAK. The Senator would not contend, would he, that economic assistance is not involved in this amendment?

Mr. DIRKSEN. Indeed, I would not.

Mr. TOWER. Mr. President, will the Senator yield me 1 minute?

Mr. DIRKSEN. I yield myself 1 minute, and yield to the Senator from Texas.

Mr. TOWER. It seems to me that there is a striking difference between a CARE package and assistance under Public Law 480. I think anyone in Poland who receives a CARE package from a cousin in Chicago is aware that it came from the United States and from the bounty of the United States. But this assistance is administered by the Polish Government, which is a Communist government. In pursuance of Public Law 480, the food is distributed by that Government. Do we think for 1 minute that the Government will use it to promote good will toward, and a better understanding of, the United States? No; they will use it for the aggrandizement of the government in power. Too, if it promotes contentment among the people, does it hasten the day when they will rebel against the tyrants who hold them in their power?

I would rather see our surpluses rot in warehouses in Texas or Illinois than see them used to promote a Communist government by giving it the tools to promote itself with its own people.

Mr. DIRKSEN. Mr. President, I yield 1 minute to myself.

I see no validity in the argument of the distinguished Senator from Texas, for the very good reason that if there is maladministration of the assistance, that is a procedural matter, but it does not involve the principle with which we are dealing today.

I simply close with a quotation that rose to my mind from the old English poet, John Donne. He wrote on the parchments of long ago that "Any man's death diminishes me because I am involved in mankind."

In this particular case, as we think especially of Poland, I think I am diminished when there are hardships over there and there is still an opportunity for me to help them get back on Poland's traditional track that goes 171 years into the past, when they had a free constitution, some of which was borrowed from the infant Constitution of the United States of America.

That is worth a gamble on our part, and I am ready for the vote.

The PRESIDING OFFICER. The question is on agreeing to the Mansfield-Dirksen amendment, as modified. All time on the amendment has expired.

Mr. PROXMIRE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. All time on the amendment has expired, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from North Dakota [Mr. BURDICK], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Michigan [Mr. MCNAMARA], the Senator from Oregon [Mr. MORSE], and the Senator from Rhode Island [Mr. PASTORE] are absent on official business.

I further announce that the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from South Carolina [Mr. JOHNSTON] are necessarily absent.

I further announce that, if present and voting, the Senator from North Dakota [Mr. BURDICK] and the Senator from Michigan [Mr. MCNAMARA] would each vote "yea."

On this vote, the Senator from Oregon [Mr. MORSE] is paired with the Senator from South Carolina [Mr. JOHNSTON]. If present and voting, the Senator from Oregon would vote "yea," and the Senator from South Carolina would vote "nay."

On this vote, the Senator from Rhode Island [Mr. PASTORE] is paired with the Senator from South Dakota [Mr. CASE]. If present and voting, the Senator from Rhode Island would vote "yea," and the Senator from South Dakota would vote "nay."

Mr. KUCHEL. I announce that the Senator from South Dakota [Mr. CASE] and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent.

On this vote, the Senator from South Dakota [Mr. CASE] is paired with the Senator from Rhode Island [Mr. PASTORE]. If present and voting, the Senator from South Dakota would vote "nay," and the Senator from Rhode Island would vote "yea."

The result was announced—yeas, 56, nays 34, as follows:

[No. 80 Leg.]

YEAS—56

Aiken	Hart	Morton
Anderson	Hayden	Moss
Bartlett	Hickenlooper	Muskie
Boggs	Holland	Neuberger
Bush	Humphrey	Pearson
Byrd, W. Va.	Jackson	Pell
Cannon	Javits	Prouty
Carlson	Keating	Randolph
Carroll	Kefauver	Saltonstall
Case, N.J.	Kerr	Smathers
Chavez	Kuchel	Smith, Mass.
Church	Long, Hawaii	Sparkman
Clark	Magnuson	Symington
Cooper	Mansfield	Wiley
Cotton	McCarthy	Williams, N.J.
Dirksen	McGee	Yarborough
Douglas	Metcalf	Young, N. Dak.
Engle	Miller	Young, Ohio
Gore	Monroney	

NAYS—34

Allott	Dodd	Gruening
Beall	Dworshak	Hartke
Bennett	Eastland	Hickey
Butler	Ellender	Hill
Byrd, Va.	Ervin	Hruska
Capehart	Fong	Jordan
Curtis	Goldwater	Lausche

Long, Mo.	Russell	Thurmond
Long, La.	Scott	Tower
Mundt	Smith, Maine	Williams, Del.
Proxmire	Stennis	
Robertson	Talmadge	

NOT VOTING—10

Bible	Johnston	Murphy
Burdick	McClellan	Pastore
Case, S. Dak.	McNamara	
Fulbright	Morse	

So the Mansfield-Dirksen amendment, as modified, was agreed to.

Mr. DIRKSEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. COTTON. Mr. President, I call up my amendment 6–6–62—G, and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from New Hampshire will be stated.

The LEGISLATIVE CLERK. On page 11, it is proposed to strike out the quotation marks at the end of line 24, and after line 24 and insert the following:

(g) Notwithstanding any other provision of law, no assistance shall be furnished under this Act to any country which exports, or knowingly permits the exportation, to the Union of Soviet Socialist Republics or any country (including Communist China, North Korea, and Cuba) the government of which is dominated or controlled by the Union of Soviet Socialist Republics, of any arms, armaments, or munitions, or of any items of strategic significance in the production of implements of war or any other articles or commodities found by the National Security Council to be contrary to the security interests of the United States.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Hampshire.

Mr. COTTON. Mr. President, I yield 10 minutes to myself.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized for 10 minutes.

Mr. COTTON. Mr. President, I consider the amendment a most vital one, but since I wish to cooperate with the distinguished Senator from Alabama [Mr. SPARKMAN] who is in charge of the bill, I shall attempt to make the debate on the amendment as brief as possible. I shall try to explain it very quickly to the Senate, if the amendment needs explanation. The identical amendment was offered last year to the mutual assistance bill. At that time 43 Senators voted for it on a yea-and-nay vote.

Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were not ordered.

Mr. COTTON. The amendment has nothing to do with food, but is concerned only with munitions of war, strategic materials, and commodities found to be of use in war. The amendment provides merely that no aid under the bill shall be furnished to any country which exports, or knowingly permits the exportation, to the Union of Soviet Socialist Republics or to any country, including Communist China, North Korea and Cuba, the government of which is dominated or controlled by the Union of Soviet Socialist Republics, of any arms, armaments or munitions, or of any items of strategic significance in the production of implements of war or any other articles or commodities found by the National Security Council to be contrary to the security interests of the United States.

Mr. President, in the Battle Act is a provision which is designed to prevent the exportation of commodities necessary to war and to preparation for war. The provision was relaxed in the amendment to the Battle Act which was agreed to by the Senate a year ago, and it is still pending in the House. It was agreed to by only seven votes.

My amendment would do two things. First, as I have said, it provides that under the bill the Senate is now considering, no assistance could be rendered to a country which exports munitions of war, or materials found by the National Security Council of the United States to be dangerous to our security, to the Soviet Union or the Iron Curtain countries.

The second thing that the amendment would do is very important. Presently, if we are furnishing assistance to a certain country which suddenly begins to export tanks to Soviet Russia, Cuba, or some other Communist country, before anything can be done about it, the Director of AID must report the situation and recommend to the President of the United States that aid be stopped.

My amendment would substitute the Security Council for the Director of the AID as the authority that would determine when a country is exporting to our potential enemies dangerous implements of war, commodities that may be made into implements of war, or articles that are, in their opinion, dangerous to the security of our country. It is as simple as that.

I cannot believe that any Senator considering the amendment could vote against it.

I cannot believe that any Senator who wishes to see a foreign assistance bill pass the Congress and who wishes to continue our aid to the free countries of the world, using the power of the Congress to tax our people for such purpose, would not want to be sure that every possible guarantee was placed in the bill to see to it that the people's money is not used to put weapons into the hands of enemies of the United States.

As I said yesterday, it is not a question of not trusting the President of the United States. It is not a question of not trusting the Director of AID. But the responsibility is the responsibility of the Senate. It is the Senate that is considering the foreign assistance bill. It is the Senate that will write into the bill, for consideration by the other body and ultimate consideration by the President, the terms and the safeguards under which the aid shall be given. It is our responsibility, which we cannot pass on to anyone else. By writing into the bill a provision that the National Security Council should make the recommendation to the President, when foreign aid shall be denied any foreign country because it is alleged to be furnishing articles of war to the Communists, we would be consistent with the defense policy of our Nation.

We are merely making sure that the President does not wait to be apprised by those administering foreign aid, who in their zeal may desire to continue foreign aid to a country, and that the President will have the judgment and recommendation of the National Security Council.

I merely wish to add this point. There is one country in the world which is very much in our memories today and in the memories of the American people. That is our near neighbor to the south, Cuba. I will not start to rehash things that are being said about Cuba; nor will I suggest that mistakes have been made by the administration with respect to Cuba. This is not the time for it. It is very easy to enter into those discussions. They will come much better at a subsequent time. One thing we do know is that the Iron Curtain countries, and, in some instances, from other countries, there have been flowing into Cuba munitions of war and weapons of war and armaments.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. COTTON. I yield myself 3 additional minutes. These are munitions and armaments which probably never have been possessed by any other country in the Western Hemisphere other than ourselves. Because of the influx of armaments into Cuba, we have at our very doorstep a small but, it is said by some military experts, an exceedingly powerful country, powerful to strike, powerful to resist, powerful to inflict loss of life on our own people.

This is no time to let down our guard. No piece of legislation should go out of the Senate, involving the taking of money of the American taxpayers and sending it to other countries, without the most airtight, ironclad safeguard that we can write into it to make sure that the President is at all times adequately informed and that the National Security Council, charged with the decision on matters of defense of this country under the President, is charged with the duty of seeing to it that foreign aid stops when any country begins to furnish arms to our enemies.

I have been requested by my distinguished colleague from New Hampshire [Mr. MURPHY], who is unavoidably absent today, to ask unanimous consent that he may be permitted to associate himself with me as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered. The time of the Senator has again expired.

Mr. COTTON. I reserve the balance of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Hampshire [Mr. COTTON], on behalf of himself and the Senator from New Hampshire [Mr. MURPHY].

Mr. SPARKMAN. Mr. President, I yield myself 10 minutes. I shall be very brief, and probably not use the 10 minutes. The amendment offered by the Senator from New Hampshire is identical with the amendment we had before

us last year. I believe it is word for word. It is largely incorporated in existing law, in the Battle Act.

There is one provision, as I interpret it, that varies from the Battle Act. Under the Battle Act the President is given the right to weigh all the factors concerned and to make a determination, considering national security, whether these factors overbalance the factor of the violation of the principle of the Battle Act.

We may remember a classic example of a few years ago. Denmark wanted to buy some coal from Poland. Denmark had a tanker, and she let Poland have the tanker with which to pay for the coal. Denmark needed coal in her industry. That was a violation of the Battle Act. The President—and, if I remember correctly, it was President Eisenhower—waived that violation by Denmark and let our aid program be continued to Denmark.

There are numerous other examples. For instance, in the past few years, if the provision had been in the law taking away from the President this saving clause, this power to waive, these countries would have been cut off from our aid: Belgium, Denmark, Italy, Japan, Turkey, and two or three other countries. I do not have all of them on the list which is before me.

I believe that Italy from time to time has some done trading with the Communist bloc. There is probably no country to which we want to maintain access more than to Italy, because it is one of the countries which is very important in our missile base operations. Yet, if Italy traded in strategic materials—by the way, strategic materials are not merely materials with which war can be made, such as munitions—and different nations interpret the term strategic materials differently—and if Italy were guilty of even one violation under the Battle Act, it would cause us to stop our aid to Italy. That will be true of any country, of course. I have just mentioned Italy. Suppose Italy violated the act even one time. We could not continue our aid in the maintenance and supply and upkeep of the missile bases, which are so important to our defense.

Undoubtedly if this were to become a repeated operation, we would want to take action, but when it is a single operation, why take away from the President of the United States the right to waive it if he believes that the other factors overbalance the violation of the Battle Act?

Mr. COTTON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. COTTON. Does the distinguished Senator think that the National Security Council, appointed by the President of the United States, working with the President, and making recommendations to him, would take action to prevent the President from overlooking one trivial, perhaps accidental violation?

Mr. SPARKMAN. I do not believe that the Council would have any leeway. The Senator's amendment does not give him any leeway. The only mention of the National Security Council in the amendment is in laying down what the list of prohibited articles or commodities shall be. That is the only thing that I see with reference to the national security. There is no leeway in the amendment for the President to waive even a single instance.

Mr. COTTON. Mr. President, will the President yield further?

Mr. SPARKMAN. I yield further to the Senator from New Hampshire.

Mr. COTTON. It is the understanding of the Senator who presented the amendment—and it was argued by many Senators on the same amendment last year—that under the Battle Act, certainly if the version of it that has passed the Senate becomes law, nothing will be done about the sending of commodities into a Communist country until the Director of AID, or ICA, as it was then called, sees fit to say that it is a violation and reports it to the President with his recommendation.

This amendment places in the hands of the Security Council the same power. It does not indicate that the Security Council shall, at the outset, establish an ironclad rule of what constitutes implements of war. But the Security Council, knowing of any nation that is shipping questionable articles into Communist countries, can advise the President to that effect.

Mr. SPARKMAN. I wish the Senator from New Hampshire would read his amendment. I invite all Senators to read it. We cannot amend the amendment to the Battle Act, which the Senate has already passed, because it has passed the House. The amendment is to the Foreign Assistance Act of 1961 and provides:

(g) Notwithstanding any other provision of law, no assistance shall be furnished under this Act to any country which exports, or knowingly permits the exportation, to the Union of Soviet Socialist Republics or any country (including Communist China, North Korea, and Cuba) the government of which is dominated or controlled by the Union of Soviet Socialist Republics, of any arms, armaments, or munitions, or of any items of strategic significance in the production of implements of war or any other articles or commodities found by the National Security Council to be contrary to the security interests of the United States.

The leeway given to the National Security Council is to determine what commodities it would be detrimental to the national security of the United States to export. That is what the amendment provides. Regardless of what the Senator from New Hampshire may have intended, the amendment provides otherwise. I submit the language of the amendment goes entirely too far.

Mr. KEATING. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield to the Senator from New York.

Mr. KEATING. Under the present law, does the President have discretion to waive the shipment of such items to a Communist country?

Mr. SPARKMAN. I do not believe the President could waive the shipment in advance, but where there has been a violation, and if the President determines that it is in the interest of the security of the United States to continue the aid, he may do so, but he must inform Congress of his action and of the reason for taking the action. The Senator will remember that I gave an example which occurred a few years ago, when President Eisenhower granted a waiver in the case of a tanker which Denmark sold to Poland in order to buy from Poland coal which Denmark badly needed in her industries.

Mr. KEATING. Can the Senator inform us the number of exceptions which have been made?

Mr. SPARKMAN. I have the complete list before me: Belgium, Denmark, the Federal Republic of Germany, France, Italy, Japan, the Netherlands, and the United Kingdom.

The PRESIDING OFFICER. The time of the Senator from Alabama has expired.

Mr. SPARKMAN. I yield myself 5 additional minutes.

I believe it will be found that in every instance there was a single violation; it was not something which was protracted over a period of time, so as to make it become usual trade. The only particular instance I remember involved a tanker. I remember that incident quite well, because much was said about it at the time. I believe that in one case there were some small tankers; and probably the shipment which went from the United Kingdom was some copper cable. The Senator may recall reading in the newspapers from the time to time single incidents of that kind.

Mr. KEATING. I was wondering how many there had been.

Mr. SPARKMAN. I believe the list I read probably completes the list of countries. I think that each one was a single incident. In no instance was there continuing trade. If the Senator from New Hampshire has any other information, I should be glad to have him give it.

Mr. COTTON. I find in the remarks of the distinguished Senator from Alabama on this identical amendment of last year a statement that there had been, prior to the last time when the question was considered, 31 waivers by the President of the United States. Presumably most of them had been granted by President Eisenhower and some of them by President Truman.

Mr. SPARKMAN. I certainly accept that statement. I have the information before me. There were 33 instances of determination by the President under the Battle Act from the time of its enactment in 1951.

Mr. KEATING. In other words, presumably there were two instances within the last year, if the figures given are correct?

Mr. SPARKMAN. I do not know what the figures are.

Mr. KEATING. Are the waivers made public?

Mr. SPARKMAN. Perhaps I should read the law. Congress must be informed of the waivers by the President and of the reason for the granting of the waivers.

Mr. KEATING. Is this information submitted on a classified basis?

Mr. SPARKMAN. No, nothing is said about the information being secret. I believe most of the waivers have been published in the press at the time when the waivers were made. I should like to read the law relating to the President's right to waive:

Provided, That the President after receiving the advice of the administrator—

That is, the administrator of this act, not the Administrator of the AID Act—

and after taking into account the contribution of such country to the mutual security of the free world, the importance of such assistance to the security of the United States, the strategic importance of imports received from countries of the Soviet bloc, and the adequacy of such country's controls over the export to the Soviet bloc of items of strategic importance, may direct the continuance of such assistance to a country which permits shipments of items other than arms, ammunition, implements of war, and atomic energy materials when unusual circumstances indicate that the cessation of aid would clearly be detrimental to the security of the United States: *Provided, further,* That the President shall immediately report any determination made pursuant to the first proviso of this section with reasons therefore to the Appropriations and Armed Services Committee of the Senate and of the House of Representatives, the Committee on Foreign Relations of the Senate, and the Committee on Foreign Affairs of the House of Representatives, and the President shall at least once each quarter review all determinations made previously and shall report his conclusions to the foregoing committees of the House and Senate, which reports shall contain an analysis of the trade with the Soviet bloc of countries for which determinations have been made.

Mr. KEATING. When the reports are made to the respective committees, are they classified by either the executive branch or the legislative branch?

Mr. SPARKMAN. I am informed by Dr. Marcy, staff director of the Committee on Foreign Relations, that the reports are classified, but they are retained in the committee's files and are available for inspection by any Senator at any time.

Mr. KEATING. A Senator is in a peculiar position. If he is informed of the action and it is classified information, he is, to all intents, barred from making the information public. I think the people of the country are entitled to know what has taken place.

Mr. SPARKMAN. I know that in the case of the Danish tanker the whole country was informed of what had taken place. The same is true in the case of the copper cable and in the case of the generators. I do not know how the information gets out, but certainly the press published the stories.

The PRESIDING OFFICER (Mr. BUSH in the chair). The time of the Senator from Alabama has expired.

Mr. SPARKMAN. Mr. President, will the Senator from New Hampshire yield 2 minutes more to me?

Mr. COTTON. First, Mr. President, I should like to say, regarding the points the Senator from New York has been discussing, that I beileve the Senator from Alabama was reading from the present so-called Battle Act.

Mr. SPARKMAN. That is correct.

Mr. COTTON. The amendments to it were passed by the Senate by a majority of only seven votes, and are before the House, and, according to my understanding, will considerably relax the provisions of the Battle Act on his point. Should they be passed by the House, we would find ourselves with even greater need for some added assurance.

In the amendment which I had prepared, I added to last year's provision another line, as follows:

No provision of this Act or of any Act heretofore enacted shall authorize the waiver of this subsection.

If that provision had been left in, this amendment would have been as ironclad as the distinguished Senator from Alabama has been indicating it is; and then all that would have to happen would be that the Security Council would condemn the shipment of certain commodities. If that happened once, whether intentionally or unintentionally, that would be it.

I purposely eliminated the last sentence because such an amendment would make it impossible to continue to furnish aid to a country after it had been discovered that it was violating the ground rules established by the National Security Council. I now regret that I did not leave that sentence in, so that we could meet that situation head on.

But as the Senator from New York has so wisely said, waivers have occurred, although I am not aware that they were published in the newspapers. Of course, when such matters are kept in the files, as classified material, they are not published in the newspapers.

The PRESIDING OFFICER. The time of the Senator from New Hampshire has expired.

Mr. COTTON. Mr. President, I yield myself 2 more minutes.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized for 2 more minutes.

Mr. COTTON. In fact, Mr. President, the files are available only to members of the appropriate committees, and I do not know how many of them have examined them.

However, the President, when encouraged by zealous advocates of foreign aid, can forgive such things, and can keep on using the taxpayers' money to place these materials in the hands of various countries, regardless of whether they are our friends, are neutrals, or are our opponents, and even though they are arming our enemies against us. That is the point I wish to emphasize.

Mr. President, before I yield to the Senator from New York [Mr. KEATING], I wish to repeat my request for the yeas and nays on the question of agreeing to this amendment.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were not ordered.

Mr. COTTON. Mr. President, I must say, then, that before I start using up the time available to me, I shall suggest the absence of a quorum, and then shall repeat my request for the ordering of the yeas and nays on the question of agreeing to this amendment, because the whole hour will be used unless I can obtain the yeas and nays on the question of agreeing to the amendment. I believe it is an important one.

At this time I yield 5 minutes to the distinguished Senator from New York [Mr. KEATING].

The PRESIDING OFFICER. The Senator from New York is recognized for 5 minutes.

Mr. KEATING. Mr. President, the subject of trade with the Communist bloc has been investigated extensively by the Internal Security Subcommitee of the Judiciary Committee. We have looked into it both in this country and in Europe, and we have filed a number of preliminary reports. The subcommittee has a continuing interest in this problem and I expect its hearings to resume in the future.

Deep concern was aroused last year in this country when Britain agreed to sell to Red China six Viscount transport planes equipped with electronic devices on the Cocom embargo list. This agreement with made contrary to the position taken by the United States and also contrary to the position taken by many other free countries in Cocom. That was a striking instance in which one of our chief allies sold strategic materials to one of our major enemies in defiance of the decision of Cocom. Those of us who have been actively interested with this matter have received many letters of opposition to that transaction—and properly so—from the people of this country.

We do not deal with Red China, but we cannot convince Britain and our other allies that they should not deal with Red China. That is their decision. It is in our interest, however, to bring to bear strong diplomatic pressures, and to point out that the free world nations should stand together, and should not arm or send strategic goods to those who have vowed to destroy us.

I wish to ask the Senator from New Hampshire whether it is his opinion that the amendment, after the elimination of the sentence which he said originally was included in his amendment, would still leave some discretion. None of us want to take an unrealistic position in regard to this matter. Probably I have given it more intense study than any other matter since I have been a Member of the Senate; and I know that the people of the United States resent having our allies help build up the military power or economic strength of our enemies. It is hard for me to conceive of a case in which it would be to our national interest to do that. But I wish to ask the Senator from New Hampshire whether, with that sentence eliminated, there would still be any discretion left, in his opinion.

Mr. COTTON. I was advised by the legislative drafting service that by including the sentence "Nothing in this Act or in any other Act heretofore enacted shall authorize the waiver of this subsection," we would tie up the matter so tightly that not even in the slightest

isolated instance would the President be left with any latitude whatsoever, and that the words "any other provision of law" would take care of any loophole in the Battle Act, and certainly any loophole in the amended Battle Act as now pending in the House of Representatives. Therefore I took out the last sentence.

I am not a member of the bar, and I do not claim to be an expert in regard to the interpretation of legislation; and certainly I cannot predict what the Supreme Court will say about it. In that respect I defer to the Senator from New York.

The PRESIDING OFFICER. The time of the Senator from New Hampshire has again expired.

Mr. COTTON. Mr. President, I yield myself 2 more minutes.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized for 2 more minutes.

Mr. COTTON. But, Mr. President, the best advice I could obtain was that without that last sentence the amendment would give the President, with the approval of the National Security Council, if it did not make an issue of the matter, some slight latitude, but it clearly labels this legislation by the Senate that it shall not be the policy by presidential waiver to furnish assistance to any country sending potential materials of war to certain countries.

I yield 5 minutes to the Senator from Colorado [Mr. ALLOTT].

Mr. ALLOTT. Mr. President, I support the amendment of the Senator from New Hampshire. It is hard for me to accept the interpretation that has been put on it, especially when it refers to a foreign country that exports or knowingly permits such exportation. To me those are the words that are significant.

I support the amendment because I think it is time that we in the United States take a more realistic attitude toward our foreign policy. Perhaps we in this country have had a little too much wealth and have distributed that wealth a little too unwisely.

I want to amplify that statement by reference to a previous amendment, which I wish to speak to, but on which there was no time available. Yesterday I supported the amendment of the Senator from Ohio [Mr. LAUSCHE], the Senator from Wisconsin [Mr. PROXMIRE], and perhaps other Senators, to put some real teeth in our foreign aid program. I voted today against the amendment proposed by the Senator from Montana [Mr. MANSFIELD], the Senator from Illinois [Mr. DIRKSEN], because I feel very strongly, from my observation of these matters, that there is, particularly in the State Department, a completely unrealistic attitude, in many instances, concerning our foreign policy.

Regardless of what we say, the fact is that we have not improved our situation in the world. It has deteriorated in the past 2 years. The further we drift from putting hard rules upon the usage of this foreign aid money, the further we drift from achieving any practical results from it, because the rest of the world does not understand anyone who spends his money like a drunken sailor on Saturday night.

I wish to refer to two or three instances which give me great concern. I do not accept the argument that we are attacking the President. Everyone on this floor has an equal interest in a successful foreign policy of the President. Every child in the United States has as great an interest in it as we have. But when I see the so-called peaceful country of India take over Goa and not one little peep is raised in this country, I find it hard to understand what we are doing, especially when, a day or two later, we give that country a $12 million loan.

I find it hard to understand it when we talk blithely through the State Department about arriving at a compromise as between the Indonesian Republic and the Dutch west New Guinea, when there is no justification whatever for Indonesia's claim to west New Guinea.

One can look through the history books, the economics books, the geography books, without finding one claim that the Indonesian Republic has upon west New Guinea, whether it be economic, ethnic, historic, political, or any other. It reminds me of a sign one reads occasionally, "Don't bother me with the facts—I have already made up my mind."

Here we have seen one of the most significant events occur in the Far East, right under our noses. Believe me, we are not bothering anybody with the facts—we have made up our minds, and we are going to deal the Dutch out of a country that has at least more attachment to it than to Indonesia.

Now I come back to the Alianza para el Progresso. I have had a number of contacts with people from Latin America in the past few months. They confirm the fact that we are making no progress there.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ALLOTT. May I have 2 minutes more?

Mr. COTTON. I yield 2 minutes to the Senator from Colorado.

Mr. ALLOTT. We committed ourselves to $20 billion over 10 years without notification of the Appropriations Committee of the Senate. So while I realize that we can use food as a very forceful weapon, I realize also that when the bill goes to the House and pressures are brought as they have been brought on the Senate in the last 24 hours, we are going to see a different bill entirely.

So I voted "nay" on the Mansfield-Dirksen amendment today because I thought it was the last time I would have, in the consideration of this bill, to have an opportunity to express our will. My vote is to indicate, that we would say to the State Department and to the President, "We want our money under foreign aid used for practical purposes. We want it approached in a spirit of realism, and we do not intend to keep shoving money into those countries whose foreign policies are contrary to ours, whose foreign policies are inimical to ours, and which in fact help the Union of the Soviet Socialist Republics."

Mr. COTTON. Mr. President, I ask unanimous consent to request a quorum call and not have the time taken out of my time.

The PRESIDING OFFICER. Is there objection? If not, it is so ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. COTTON. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COTTON. Mr. President, on this amendment I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Hampshire [Mr. COTTON]. On this question the yeas and nays have been ordered.

Mr. COTTON. Mr. President, I yield 3 minutes to the Senator from Delaware [Mr. WILLIAMS].

EXCESS COSTS ON DEFENSE DEPARTMENT NEGOTIATED CONTRACT

Mr. WILLIAMS of Delaware. Mr. President, today I wish to call attention to another example of waste of the taxpayers' money as the result of a negotiated contract by the Defense Department.

In this instance it is found that the Government is paying in excess of 15 percent interest to a contractor on a negotiated contract.

On July 8, 1958, the Department of the Army negotiated with the Alexandria Water Co.—contract No. DA–44–008–ENG–1155—for the construction of a water supply line and a 5-year water service contract.

The contractor was operating a 30-inch line adjacent to Fort Belvoir, and this contract provided for the contractor to furnish, install, operate, and maintain all facilities from the existing 30-inch waterline to the point of delivery, a distance of approximately 150 feet. This was to include a 16-inch connection to the 30-inch pipeline, a booster pumping station, and a metering device. The contract further provides for the Alexandria Water Co. to install a 24-inch pipeline from the point of delivery to an existing Government pipeline at the Fort Belvoir filter plant, a distance of about 10,275 feet.

The contract shows this construction as a connection charge and provides for the repayment of the contractor's construction costs on the basis of a surcharge of 10 cents on each thousand gallons of water purchased from the contractor until the total cost of $281,710 is paid, with annual payments of not less than one-fifth of $281,710.

Under this arrangement, between March 24, 1959, and December 31, 1961, the Government paid the contractor $208,900, leaving an unpaid balance after only 2 years and 9 months of $72,810. This remaining balance is being decreased with average monthly payments

of $6,300 by the Government, but notwithstanding the fact that a substantial part of this contract has already been paid, the Government is still paying interest at the rate of 6 percent per year on the full amount of the original contract price of $216,700.

Assuming the average monthly repayment rate of $6,300 continues, the Government will have paid the entire construction cost within 3 years and 9 months, but it will also have paid interest in the amount of $65,010 in the meantime. This means that the effective rate of interest which is being paid by the Government in this instance is equal to approximately a 15-percent rate.

This may be a small item, but it is typical of the continuous irresponsible manner in which certain procurement officers of our defense establishments squander the taxpayers' money. I am becoming more and more impatient with their continuous alibi that they will do better in the future.

I repeat what I have said on previous occasions—in private industry somebody would have been fired. Certainly the Federal Government does not have to pay 15 percent interest, and I venture to say that the man who made this contract would be howling if it were his own money involved.

For more complete details concerning this entire contract I refer to the Comptroller General's report as submitted to the Congress on May 31, 1962, entitled "Interest Charges Paid for the Construction of a Water Supply Line at Fort Belvoir, Va., Department of the Army."

I commend the General Accounting Office on the excellent job it is doing in calling our attention to waste and mismanagement in Government.

AMENDMENT OF THE FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Hampshire.

Do Senators yield back their remaining time?

Mr. HUMPHREY. Mr. President, will the Senator from Alabama yield to me?

Mr. SPARKMAN. Mr. President, I yield 5 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for 5 minutes.

Mr. HUMPHREY. Mr. President, I merely wish to say, with reference to the pending amendment, its obvious purpose is to fulfill what is already provided in the Battle Act, with one exception.

Under the terms of the Battle Act when the President finds unusual circumstances which would indicate that the cessation of aid would be adverse to the national interests of the United States, he could continue assistance to a country permitting the shipment of strategic goods other than arms to a Communist country. This boils down to a couple of specific instances of which we should be aware.

One, for example, is Italy. I believe the acting chairman of the Committee on Foreign Relations has reminded the Senate that Italy is one of the few NATO countries which will permit the United States to have missiles and missile sites on its soil. I am not sure what kind of missile, but I believe it is at least the intermediate range missile, the Jupiter or Thor type. If the pending amendment is agreed to, it would be necessary to deactivate those missile sites.

Other countries are also involved, such as Turkey, or even Great Britain.

Italy, Turkey, and Great Britain are three countries in which we have been able to locate what one might call advance bases. The missile base is equivalent to, and I think in the days to come will be better than, an airport or airbase.

In respect to airbases and missile bases, questions would be involved as to West Germany, Italy, Turkey, and Great Britain. These are some of the 19 countries which would be affected by the passage of the amendment. I think we would be treading on rather dangerous ground if we should adopt the kind of provision which is proposed.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SALTONSTALL. Is my understanding, as a member of the Committee on Armed Services, correct that our bases in Italy, England, and other countries might be endangered if the amendment were agreed to, because something might be shipped on one ship to one of the nations mentioned?

Mr. HUMPHREY. Very much so. That is exactly the case.

Mr. SALTONSTALL. Would it be necessary to shut our bases down?

Mr. HUMPHREY. The amendment reads:

> Notwithstanding any other provision of law, no assistance shall be furnished under this Act to any country which exports, or knowingly permits the exportation, to the Union of Soviet Socialist Republics or any country (including Communist China, North Korea, and Cuba) the government of which is dominated or controlled by the Union of Soviet Socialist Republics, of any arms, armaments, or munitions, or of any items of strategic significance in the production of implements of war or any other articles or commodities found by the National Security Council to be contrary to the security interests of the United States.

Mr. SALTONSTALL. The position of the Committee on Foreign Relations is that bases in Italy, in England, or in any other country are not only for the security of our country but also to assist in respect to the security of the other country?

Mr. HUMPHREY. Yes.

Mr. SALTONSTALL. Therefore, if England should send anything to Russia, we could not keep on furnishing a base in England, even though it might be for our benefit.

Mr. HUMPHREY. That is my understanding. I say most respectfully, there is a sum of about $1½ billion for military assistance involved under the terms of the bill, some of it to go to NATO countries for our defense as well as their defense. If the strict interpretation of the amendment should be applied, none of that assistance would be made available.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. AIKEN. Would there be any effect on the DEW line in Canada?

Mr. HUMPHREY. I should like to have the comment of the acting chairman in that regard. I believe the amendment could have an effect with respect to Canada, indeed.

Mr. SPARKMAN. Yes.

Mr. HUMPHREY. Yes, indeed; the Senator has made a good point. Canada is one of the 19 countries which has, from time to time, shipped items not of a military nature but items which are classified as strategic.

Mr. AIKEN. Canada does business with virtually all the Communist countries.

Mr. HUMPHREY. Indeed it does.

Denmark, I say most respectfully, has sovereignty over Greenland. I do not need to tell any Senator who has visited Offutt Air Force Base, near Omaha, the importance of Greenland to the defense of the United States of America.

If the pending amendment should be agreed to, all aid going to any area over which Denmark has sovereignty would have to be cut off.

Mr. SALTONSTALL. We know that Canada ships wheat to Communist China.

Mr. HUMPHREY. We do, indeed.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SPARKMAN. I think it is important for us to keep in mind that there is a great deal of trade between West Germany and Yugoslavia. I do not know whether any of that trade involves strategic materials. There is a difference, in fact, in respect to interpretation by different countries as to the meaning of strategic materials.

If West Germany should violate the terms of the amendment, if the amendment were agreed to, we could not carry on any more military assistance there.

Mr. SALTONSTALL. That would mean we would have to take our troops out of Berlin, to use a far-reaching example?

Mr. SPARKMAN. Yes. The amendment refers to Communist bloc countries. I believe it says "any Communist bloc country."

Mr. KUCHEL. I do not think it does.

Mr. SPARKMAN. My friend tells me that perhaps I have misinterpreted the wording. Probably he is correct. I believe he is correct.

The amendment says, in part "any country, the government of which is dominated or controlled by the Union of Soviet Socialist Republics."

I withdraw what I said about Yugoslavia, because I do not believe Yugoslavia would come under the definition.

I should like to give a few examples of what is involved. Someone asked me awhile ago to give an example.

The PRESIDING OFFICER. The time of the Senator from Alabama has expired.

Mr. SPARKMAN. Mr. President, do I have any time remaining?

The PRESIDING OFFICER. The Senator has more time.

Mr. SPARKMAN. I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from Alabama is recognized for 2 more minutes.

Mr. SPARKMAN. Mr. President, the United Kingdom made shipments valued at $5,688 to Communist China, Czechoslovakia, East Germany, Hungary, Poland, Rumania, and the U.S.S.R. President Eisenhower made a waiver. If there were no provision for waiver, it would be necessary to cut off any assistance because of the shipments valued at $5,688.

The Federal Republic of Germany made shipments of strategic materials valued at $7,211 to Bulgaria, Communist China, Czechoslovakia, East Germany, Hungary, Poland, and Rumania.

Italy made shipments valued at $341 to Albania. We would have to cut aid to Italy off, because there would be no leeway.

Mr. HRUSKA. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. HRUSKA. Are those statistics in dollars, or in thousands of dollars?

Mr. SPARKMAN. In dollars.

Mr. COTTON. What was shipped at a value of $341?

Mr. SPARKMAN. I do not know. I do not have the details, but I have a statement.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. SPARKMAN. I shall be happy to yield in a moment. Before I do so, I should like to give two more examples. Belgium shipped $534 worth to Czechoslovakia and East Germany. France shipped $1,315 to Poland and Hungary. The penalty would be applied in those cases. I yield to the Senator from Minnesota.

Mr. HUMPHREY. While some of the information we have is classified, a list has been made available, if Senators wish privately to look at it. The material is here. However, I do not think we are at liberty to cite the kind of material referred to.

But listed are the Federal Republic of Germany, the United Kingdom, the Netherlands, and France under key items. The amounts are not large, but they are related to certain sensitive civil activities which have been classified under section 103(b), the Battle Act provision, of the Mutual Defense Act of 1951 as strategic materials. They are not munitions. They are not related to what we call articles with war-making capacity. They are classified as strategic materials. Every one of those sales would automatically negate any possibility of aid to those countries. I think it is a most serious matter.

I should like to make one further statement with respect to why we did not give military assistance to Finland. It is perfectly obvious that our relations with Finland are very good, and they would suffer grievously under the proposed amendment. Finland, through no fault of her own except geographic proximity to Russia, is bound to the Soviet economy. She is forced to build ships for the Soviet Union, while importing cars, oil, and even wheat which she would rather acquire from the West. To bind Finland still closer to Russia would be a tragedy.

Mr. SPARKMAN. Mr. President, I have a statement which is classified. Any Senator who wishes to see it, may look at it. It states the type of material involved.

I have one list that does not contain classified material and gives some breakdown. I am at liberty to read from it. A shipment was made from the Federal Republic of Germany of voltmeters worth $469 to Poland for civilian use.

Italy shipped $562,500 worth of communications cable. I think that item was published in the press at the time. The cable was shipped to the Soviet Union for civilian use.

Ball bearings valued at $2,581 were shipped to Poland also for civilian use.

The Netherlands shipped television transmitter tubes valued at $1,297 to Poland for civilian use.

France shipped diodes and transitors valued at $2,150 to Poland for civilian use. Those are some typical examples. The list I read is not classified.

Mr. President, I am ready to yield back the remainder of my time.

Mr. COTTON. Mr. President, I yield myself 5 minutes.

I have been very much interested in listening to the turn the debate has taken in the last few moments. For many years now, since I first entered Congress in 1947, and first voted for aid to Turkey and the Marshall plan, when the chips were down I have loyally supported foreign assistance, foreign aid, and mutual assistance programs to bolster up the free peoples of the world. I am growing a little tired of being frightened into voting for a pig in a poke year after year. Earlier in the debate I was very much interested when my good friend, the distinguished Senator from Minnesota [Mr. HUMPHREY], whom I admire and esteem so highly, while debating the Mansfield-Dirksen amendment, told us what a horrible thing it would be if we did not have an exchange of information with Poland. We were told what a horrible thing it would be if we could not have an exchange of medical and scientific information to fight cancer and leukemia. We would let children die. Yet the only way to obtain an exchange of scientific and medical information with other countries is not through burying such aid in a mutual assistance bill, item by item. The Senator knows very well that if the foreign aid bill were defeated, and if we had no foreign aid, all we would need to do would be to have the proper committees report a bill to the Senate and the House, and within a few weeks, with the cooperation of the Congress, we would have the necessary appropriations for the programs to fight horrible diseases in Poland, Russia, or any other nation. All those horrible bogeys must be conjured up to sugar-coat everything in the bill.

In the past 2 or 3 minutes what have we heard? It is proposed that the Senate have the audacity to assert its authority and say to the taxpayers of this country, "We are going to write a safeguard into the foreign aid bill so that you can be comforted by the thought that the money you pay for taxes will not be used by some neutral or some so-called friend whom we have been carrying year after year, and who is shipping goods and munitions of war to our enemies." If we have the audacity to try to write that kind of provision into the bill, what are we told? We are told that if the amendment is agreed to, we shall lose our missile bases in Italy. We shall lose our missile bases in Iceland, Greenland, Denmark, or somewhere else. Nonsense. The amendment does not contain all those vicious qualities. If in order to have missile bases abroad we must weakly consent to permit nations receiving our taxpayers' money to ship munitions into Russia, China, Poland, and Cuba, it is about time that the American people should know about it.

I do not want to see any of the classified information that has been so generously offered to me today. I want the debate to go before the people of this country. The amendment is a simple one.

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). The time of the Senator has expired.

Mr. COTTON. Madam President, I yield myself 5 additional minutes.

The amendment merely provides that it shall be ultimately up to the Security Council—not the Administrator of AID, who is interested in pouring away money to this country and that country, and who is not going to have his ambitious program in which he is so sincerely interested checked because that country happens to start sending tanks to Cuba. It would not be up to him, but up to whom? It would be up to the National Security Council of the United States of America, who shall advise the President. The members of the Council are appointed by the President.

There is no danger of curtailing the President's power, but if they want to talk about those powers, let us remember one thing. Let us remember that presumably the President will have $300 million in his contingency fund. He will have $250 million more of foreign-aid funds, and not to exceed $100 million more in foreign currencies, to be used as he sees fit for any purpose. In addition, he will have the power to take from various designated funds under the Mutual Assistance Act up to 10 percent to use for purposes of his own. I do not begrudge that power to the President of the United States. I trust the loyalty, integrity, and patriotism of the President. But I say that this is a big Government. There are many things that the President knows. But, there are many things that do not come to his attention. I believe that if the Senate is expected to put its approval on a bill under which billions of dollars of the taxpayers' money will be expended around the world, it is not unreasonable to say, "We will write

into the act, in no unmistakable terms, the provision that the aid will not only not go to Communist countries, but it will not go to any so-called friends who are sending them arms and munitions."

After World War II we lifted our friends in Europe from their knees. We poured out billions of dollars to them. In the report of the Committee on Foreign Relations it is said that these nations stand at last as our copartners, perfectly able to contribute with us, and that this is no longer a unilateral program, but a program participated in by full-grown partners. At page 6 of the report the committee states:

Obviously, the evolving situation is not one of unrelieved progress.

I have read the report from cover to cover, and nowhere do I find what they are doing and what they are not doing. There is one thing they should not do, and that is ship munitions of war to our enemies. That is what the amendment would stop. It does not even shut off entirely the waiver by the President, but it says that the National Security Council, not AID, shall say when foreign aid will stop if munitions start falling into the hands of our potential enemies.

Mr. HRUSKA. Madam President, will the Senator yield?

Mr. COTTON. I yield.

Mr. HRUSKA. Do I understand correctly that under the amendment, if one of our allies sold $341 of show leather to such a country, it would mean that that ally would be disqualified from receiving assistance from us?

Mr. COTTON. I know the Senator from Nebraska is asking that question in an ironical or facetious manner, because he is a sensible man. Let us all be sensible about it. Does anyone think for a minute that the National Security Council, created by the President of the United States and appointed by him and working under him, will call a country to terms because $341 of a commodity was shipped by that country? That is another one of those bugaboos which have been conjured up, because people want a bill that is loose and open at both ends.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SPARKMAN. Madam President, how much time remains on our side?

The PRESIDING OFFICER. Thirty-five minutes.

Mr. SPARKMAN. I yield 5 minutes to the Senator from Minnesota.

Mr. HUMPHREY. The issue here is rather simple. It is obvious. I call the attention of my colleagues in the Senate to this fact. Under the amendment we would do exactly what we have done under the Battle Act, which is a part of the Mutual Assistance Act, and has been in effect for more than 10 years, with one exception. The exception is that we would deny the President any discretion whatever in terms of providing assistance to our allies or nations which we consider to be of vital importance to the security of the United States when such an ally or other nation ships goods which are classified as strategic.

Madam President, the amendment does not apply merely to munitions of war. As was indicated, the amendment applies—and I read from it—to "any items of strategic significance in the production of implements of war or any other articles or commodities found by the National Security Council to be contrary to the security interests of the United States."

Mr. SPARKMAN. Madam President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SPARKMAN. Let me ask the Senator from Minnesota this question. He was a schoolteacher at one time. What task is given to the National Security Council under this proposed amendment?

Mr. HUMPHREY. One task, that of determining the articles that are of strategic importance.

Mr. SPARKMAN. Is there any waiver whatsoever provided in the amendment?

Mr. HUMPHREY. None whatsoever.

Mr. SPARKMAN. The Senator from Nebraska a few minutes ago asked the Senator from New Hampshire if there was any though that a penalty might be invoked if there were a sale of $341 of goods. Is there any provision in the amendment whereby anyone could waive the inflicting of that penalty?

Mr. HUMPHREY. The Senator answers his own question. There is no provision whatever for a waiver of the prohibitions which are laid down in the amendment. Let me give the Senator an example. The Netherlands shipped $48 worth of tungsten wire to Poland, for civilian use, in the year 1961. Under the amendment, in such a case, we would have to cut any military assistance that we would be giving to the Netherlands. There is no discretion involved at all.

For example, the Federal Republic of Germany shipped to Poland direction-finding equipment for use in connection with civilian air traffic. It was valued at $20,000. Germany is a very good ally. We have programs of assistance with Germany. We have troops there. Under the Senator's amendment, because the equipment is classified as strategic—and it is strategic equipment—the President would have no choice but to suspend all assistance to our NATO ally, the Federal Republic of Germany.

Mr. HOLLAND. Madam President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. HOLLAND. Is it or is it not a fact that the Battle Act, enacted during the Truman administration, and in force throughout the Eisenhower administration, is still in force today and would continue in force if the bill now before us were enacted as reported by the committee?

Mr. HUMPHREY. Absolutely.

Mr. HOLLAND. I should like to ask the Senator an additional question. Is it claimed by anyone that President Truman or President Eisenhower or President Kennedy has abused his discretion under the Battle Act in allowing the extension of aid to any friendly country which has sold a minor item of equipment to a Communist country?

Mr. HUMPHREY. I know of no such charge. This is why the amendment perplexes me so much. Thirty-three determinations have been made by three Presidents in 12 years under the Battle Act. They are 33 determinations involving 19 countries, all of them friendly countries. Those 33 determinations have not weakened the security of this country. They have made it possible for us to strengthen our alliances and our security. There is no reason for changing the Battle Act, which has worked well, which has been applied strictly, and which has permitted the President of the United States to protect the national security interests of the United States, and at the same time has given him some discretion in these matters.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SPARKMAN. I yield 5 additional minutes to the Senator from Minnesota.

Mr. HUMPHREY. I have nothing further to say. The issue is clear. If the Senate is satisfied with the Battle Act as administered by three Presidents, it should vote down the Cotton amendment. If the Senate feels that the Battle Act should be strengthened and that it has been abused, and the President has not fulfilled his obligation to protect the vital security interests of the United States, then it should adopt the Cotton amendment.

Mr. HOLLAND. Madam President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. HOLLAND. Is it not true that under the Battle Act each of the three Presidents mentioned has been required and has followed this procedure.

Mr. HUMPHREY. The Senator is correct.

Mr. HOLLAND. After making a finding that a certain case should be an exception to the general provision of the law, the President has furnished to the appropriate committees of both Houses of Congress a report showing that determination and the reasons therefor.

Mr. HUMPHREY. The Senator is absolutely right. He has added additional importance to the argument by noting that the House and Senate committees have been fully informed and that the President has performed his obligation.

Mr. COTTON. Madam President, I yield myself 2 minutes. I should like to call some facts to the attention of the distinguished Senator from Florida. It is true that there have been only 33 instances of waivers by the President of the United States, waivers of the shipment of such materials. There is no record which shows how many shipments have taken place which have never been reported to the President of the United States by the Foreign Aid Administrators, or which have never come to his attention.

With respect to all the talk about reporting to the two Houses of Congress, it was brought out on the floor of the Senate a while ago—and I did not expect to hear this reiterated—that while a report is made, what kind of report is it that we get? We get a report which is sent to the Appropriations Committee and to the Armed Services Committee. That report is classified.

Therefore Congress as a whole does not get it. If a Senator wishes to see it, he can, but if he finds something objectionable in it, he cannot object to it publicly on the floor or to the American people.

That cannot be considered a report. What is more, do Senators think that any country which has received millions of dollars from us will be stupid enough, if they know such a provision is written into the law, to lose the opportunity to secure more millions by sending $350 or $500 worth of strategic materials to a Communist country? That is more of the nonsense which has been advanced.

Madam President, either we will safeguard the Mutual Security Act or we will not—one or the other.

Mr. SPARKMAN. Madam President, I yield back the remainder of my time.

Mr. COTTON. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Hampshire. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from North Dakota [Mr. BURDICK], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Michigan Mr. MCNAMARA], the Senator from Oregon [Mr. MORSE], the Senators from Rhode Island [Mr. PASTORE and Mr. PELL], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Massachusetts [Mr. SMITH] are absent on official business.

I further announce that the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from South Carolina [Mr. JOHNSTON] are necessarily absent.

I further announce that, if present and voting, the Senator from North Dakota [Mr. BURDICK], the Senator from Michigan [Mr. MCNAMARA], the Senator from Rhode Island [Mr. PELL], and the Senator from Massachusetts [Mr. SMITH] would each vote "nay."

On this vote, the Senator from Rhode Island [Mr. PASTORE] is paired with the Senator from South Dakota [Mr. CASE]. If present and voting, the Senator from Rhode Island would vote "nay," and the Senator from South Dakota would vote "yea."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from South Carolina [Mr. JOHNSTON]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from South Carolina would vote "yea."

Mr. KUCHEL. I announce that the Senator from South Dakota [Mr. CASE] and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent.

The pair of the Senator from New Hampshire [Mr. MURPHY] has been previously announced.

On this vote, the Senator from South Dakota [Mr. CASE] is paired with the Senator from Rhode Island [Mr. PASTORE]. If present and voting, the Senator from South Dakota would vote "yea," and the Senator from Rhode Island would vote "nay."

Mr. MORTON (after having voted in the negative). On this vote I have a pair with the Senator from New Hampshire [Mr. MURPHY]. If he were present and voting, he would vote "yea;" if I were at liberty to vote, I would vote "nay." I withdraw my vote.

The result was announced—yeas 40, nays 45, as follows:

[No. 81 Leg.]

YEAS—40

Aiken	Dworshak	Pearson
Allott	Eastland	Prouty
Beall	Ellender	Proxmire
Bennett	Ervin	Russell
Boggs	Fong	Scott
Bush	Goldwater	Smith, Maine
Butler	Hickenlooper	Stennis
Byrd, Va.	Hruska	Talmadge
Capehart	Jordan	Thurmond
Carlson	Keating	Tower
Cotton	Kuchel	Williams, Del.
Curtis	Lausche	Young, N. Dak.
Dirksen	Miller	
Dodd	Mundt	

NAYS—45

Anderson	Hayden	McGee
Bartlett	Hickey	Metcalf
Byrd, W. Va.	Hill	Monroney
Cannon	Holland	Moss
Carroll	Humphrey	Muskie
Case, N.J.	Jackson	Neuberger
Church	Javits	Randolph
Clark	Kefauver	Saltonstall
Cooper	Kerr	Smathers
Douglas	Long, Mo.	Sparkman
Engle	Long, Hawaii	Symington
Gore	Long, La.	Wiley
Gruening	Magnuson	Williams, N.J.
Hart	Mansfield	Yarborough
Hartke	McCarthy	Young, Ohio

NOT VOTING—15

Bible	Johnston	Murphy
Burdick	McClellan	Pastore
Case, S. Dak.	McNamara	Pell
Chavez	Morse	Robertson
Fulbright	Morton	Smith, Mass.

So Mr. COTTON's amendment was rejected.

Mr. SPARKMAN. Madam President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. HUMPHREY. Madam President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. HICKENLOOPER. Madam President, on behalf of myself and the Senator from Ohio [Mr. LAUSCHE], I call up my amendment identified as "6-6-62—H," and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 10, in line 19, it is proposed to strike out the word "hereafter" and insert in lieu thereof the words "after January 1, 1961".

Mr. HICKENLOOPER. Madam President——

The PRESIDING OFFICER. How much time does the Senator from Iowa yield to himself?

Mr. HICKENLOOPER. At this time, I yield myself 15 minutes.

The PRESIDING OFFICER. The Senator from Iowa is recognized for 15 minutes.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Madam President, will the distinguished Senator from Iowa yield briefly to me, if it is understood that in doing so he will not lose the floor?

Mr. HICKENLOOPER. I yield.

Mr. DIRKSEN. I should like to ask the majority leader about the program for the remainder of today and also for tomorrow.

Mr. MANSFIELD. Madam President——

Mr. HICKENLOOPER. Madam President, if the discussion of the program will take very long, I do not wish to have the time used in that connection charged to the time available for the consideration of my amendment—although I do not mind having a minute or two of the time used in that way.

Mr. MANSFIELD. Madam President, I ask unanimous consent that the time I use in answering the question of the Senator from Illinois be not charged to the time available on the amendment of the Senator from Iowa or to the time available on the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Madam President, in reply to the question of the distinguished minority leader, let me say that if it is possible for the Senate to complete action on the bill tonight, without remaining in session too late, we shall do so. Of course, that will depend upon the developments.

If the bill is not disposed of tonight, its consideration will be continued tomorrow; and thereafter other measures will be taken up. I do not have the list before me at this time. Although they are important bills, they are not extremely important.

I believe the distinguished minority leader is aware of the fact that it is our intention, if we finsh in time tonight, or early enough tomorrow, to take up Calendar No. 1411, Senate Joint Resolution 123, to amend the Constitution to authorize Governors to fill temporary vacancies in the House of Representatives. The consideration of that measure may take some time.

It is also the intention to take up Calendar No. 1338, Senate bill 1605, to authorize the Federal Power Commission to delegate its functions.

It is not anticipated that there will be a Saturday session.

It is anticipated that on Monday the Senate will take up the Interior Department appropriation bill, and that on Tuesday the Senate will take up the Defense Department appropriation bill. The consideration of the latter bill may go over until Wednesday.

It is anticipated that on Wednesday and Thursday the Senate will take up the television bill; and it is anticipated that thereafter—and I have discussed this matter with the minority leader—we would like to have the Senate take up the space communications satellite bill.

Mr. DIRKSEN. I thank the majority leader.

AMENDMENT OF THE FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. HICKENLOOPER. Madam President, I modify my amendment by striking out the date, "1961", and inserting "1962", so that the words to be inserted will read "after January 1, 1962". I believe the consideration of this amendment will not take long.

The amendment goes to the provision already adopted by the Senate, an amendment added by the Foreign Relations Committee, in connection with expropriation of American property by other countries. The committee adopted an amendment—which now has been adopted by the Senate—providing that in any case in which the President determines that a nation or political subdivision thereof has expropriated or otherwise seized property of Americans, unless it sets up the proper machinery to accomplish the payment for the property so seized, it cannot obtain any help from our foreign-assistance program, until such payment is made.

However, the amendment provides for such prohibition in any case hereafter in which the President determines that a nation or political subdivision thereof has expropriated such property. I propose to have the language read "has expropriated after January 1, 1962"—in other words, last January.

There are several reasons for this amendment. Today, three expropriations which are going on in the world have taken place since January 1, 1962—two in Brazil, and one in Ceylon. Another one is now proposed in Burma; and today there are in the legislatures of almost all the Latin American states bills proposing the expropriation of American property of various kinds.

If we do not do something to stop that kind of nonsense, or to see that payment is made for property when it is seized, we shall see a wave of expropriations of property of Americans going throughout the world like a prairie fire. The amendment which the committee adopted is not adequate. I had an amendment that I liked better. I think it was a little tighter. But I am not quarreling at this time with the general purpose of the amendment adopted by the committee.

I first want to put in the RECORD the decree of expropriation of the Communist dictatorship of Cuba, which was posted July 7, 1960. I ask unanimous consent to have it printed in the RECORD at this point in my remarks.

There being no objection, the decree was ordered to be printed in the RECORD, as follows:

[From Gaceta Official, July 7, 1960]

I, Osvaldo Dorticos Torrado, President of the Republic of Cuba, make known that the Council of Ministers has approved and I have signed the following:

"Whereas the attitude assumed by the Government and legislative branch of the United States of America, characterized by constant aggression, for political purposes, against the fundamental interests of the Cuban economy, as strikingly evidenced by the amendment to the Sugar Act, recently passed by the Congress of the United States at the request of the executive branch, whereby the President of the Nation is granted exceptional powers to reduce the participation of Cuban sugar in the U.S. sugar market as a weapon of political sanction against Cuba, compels the revolutionary Government to adopt without hesitation all measures which it considers pertinent for the protection of the national sovereignty and of the free economic development of our country; and

"Whereas article 24 of the Constitution authorizes the expropriation of property by right of eminent domain, leaving it to ordinary law to specify the authority competent to decree the expropriation, as well as the regulation of the procedure and the means and forms of payment; and

"Whereas it is advisable, in order to attain the ends proposed in the first whereas clause of this law, to grant to the President of the Republic and to the Prime Minister full powers to proceed with the nationalization of the enterprises and property belonging to natural or juridical persons who are nationals of the United States of America, or of the enterprises in which said persons own a majority interest or share, even though said enterprises have been established in accordance with Cuban law, so that measures appropriate to the ends proposed may be taken in each future instance.

"Therefore, acting under the authority vested in it, the Council of Ministers resolves to enact the following:

"'LAW NO. 851

"'ARTICLE 1. The President of the Republic and the Prime Minister are authorized jointly to order, through decisions whenever they deem it advisable for the protection of the national interest, the nationalization, through expropriation by eminent domain, of the property or enterprises owned by natural or juridical persons who are nationals of the United States of America, or of enterprises in which said persons have an interest or share, even though said enterprises have been established in accordance with Cuban law.

"'ART. 2. In the decision in which the President of the Republic and the Prime Minister order expropriation, they shall state the need for it and the reason of public utility or national interest on which it is based.

"'ART. 3. The President of the Republic and the Prime Minister shall also designate, in the decisions referred to in article 1 of this law, the persons or organizations that will be responsible for the administration of the property or enterprises subjected to expropriation.

"'ART. 4. After the expropriation has been carried out and the administration of the property or enterprise has been assumed by the person or organization designated for that purpose, the President of the Republic and the Prime Minister shall appoint such experts as they deem advisable to appraise the expropriated property for purposes of making payment for it, which shall be done in the manner prescribed in the following article.

"'ART. 5. Payment for expropriated property shall be made as follows after it has been appraised:

"'(a) Payment shall be made in bonds of the Republic, which shall be issued for that purpose by the Cuban State and shall be subject to the conditions laid down in this law.

"'(b) The Cuban State shall set up a fund for the amortization of the said bonds and as security therefor, into which shall annually be paid 25 percent of the foreign exchange corresponding to the quantities of sugar purchased for domestic consumption in each calendar year by the United States of America in excess of 3 million Spanish long tons at a price not under 5.75 cents per English pound (F.A.). To that end the National Bank of Cuba shall open a special dollar account which shall be called "Fund To Pay for the Expropriation of Property and Enterprises of Nationals of the United States of America."

"'(c) The bonds shall bear interest amounting to not less than 2 percent a year, which shall be payable only from the fund to be set up in accordance with subparagraph (b).

"'(d) Annual interest that cannot be paid out of the fund referred to in subparagraph (b) above shall not be accumulated, but the obligation to pay the same shall be understood to be extinguished.

"'(e) The bonds shall be amortized over a period of not less than 30 years from the date on which expropriation of the property or enterprise takes place, and the President of the National Bank is authorized to fix the manner and proportion in which the amortization is to take place.

"'ART. 6. There shall be no appeal whatever from the decisions which the President of the Republic and the Prime Minister may hand down in the expropriation proceedings to which this law refers.

"'ART. 7. The Minister of the Treasury is charged in the name of the Cuban State with issuing the bonds with which payment will be made for properties that are expropriated under this law.

"'ART. 8. Any legal provisions and regulations that obstruct compliance with the provisions of the present law, which shall be in effect from the date of its publication in the Gaceta Oficial de la República, are hereby rescinded.'

"Therefore I hereby order that all parts of this law be compiled with and enforced.

"Done at the Presidential Palace in Habana on July 6, 1960.

"OSVALDO DERTICOS TORRADO.
"FEDEL CASTRO RUZ,
"Prime Minister."

Mr. HICKENLOOPER. Second, I ask unanimous consent to have printed in the RECORD at this point in my remarks the protest of the United States, and the reasons therefor, against the decree of the Government of Cuba, which was issued on July 16, 1960.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

UNITED STATES PROTESTS NEW CUBAN LAW

The U.S. Ambassador to Cuba, Philip W. Bonsal, today delivered to the Cuban Ministry of Foreign Relations a note protesting the nationalization law of Cuba. Text of the note is as follows:

"I have the honor to refer to the law issued by the Council of Ministers of the Government of Cuba on July 6, 1960, which is entitled the 'Nationalization Law' and which applies exclusively to nationals of the United States who own property in Cuba. I have been instructed by my Government to emphasize to Your Excellency that the Government of the United States considers this law to be manifestly in violation of those principles of international law which have long been accepted by the free countries of the West. It is in its essence discriminatory, arbitrary, and confiscatory.

"The nationalization law is discriminatory in that it is specifically limited in its application to the seizure of property owned by nationals of the United States.

"It is arbitrary because it was admittedly enacted in retaliation for recent actions taken by the Congress and President of the United States to assure the needs of the

sugar consuming public of the United States. These actions were required because of the publicly stated intention of the Government of Cuba to reduce its dependence on sugar concomitantly with its efforts to enlarge sales of sugar in newer markets and to alter radically its traditional pattern of trade with the United States. Moreover the hostile attitude toward the United States so often expressed by the present Government of Cuba has made abundantly clear the economic imprudence of relying on Cuba for a very high poportion of the U.S. need for this important commodity.

"The nationalization law is both arbitrary and confiscatory in that its provisions for compensation for property seized fail to meet the most minimum criteria necessary to assure the payment of prompt, adequate and effective compensation and in its specific prohibition of any form of judicial or administrative appeal from the resolutions of the expropriating authorities.

"I have been instructed by my Government to convey to Your Excellency a most solemn and serious protest against this hostile measure. I am further instructed to inform Your Excellency that should this law be employed by the Government of Cuba to seize properties of American nationals, it will be viewed by the Government of the United States as further evidence and confirmation of a pattern of economic and political aggression against the United States under the guise and pretext of accelerating the social and economic progress of the Cuban people."

Mr. HICKENLOOPER. At this point in the RECORD I ask unanimous consent to have printed the decree of the expropriation program issued by the Government of Brazil on the 30th day of May last, about a week ago, in which the Government established the formula for taking over foreign property in Brazil, with an indefinite, undetermined, and certainly unsatisfactory, method for paying for the property if it is taken over. It relates to the official action of the Government of Brazil on the proposed acts for expropriation.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

PROTECTION OF FOREIGN INVESTMENTS IN PUBLIC UTILITIES

With the purpose of protecting foreign investments in Brazil, the Brazilian Government issued a decree regulating expropriations in that country. It is based on a proposal submitted by the largest American investors in Brazil and in line with similar expropriation laws issued in the past by Mexico, Argentina, and Colombia. The new decree is also a result of mutual understanding on the subject arrived at high levels during the visit of President Goulart to the United States last April.

Following is the text of the law:

"Whereas at the present stage of the country's development the national interests may be better served by direct operation of public services or utilities, except in regard to municipal services or to those having a limited regional scope, where private concessions are justified; and

"Whereas in the nationalization of public utilities companies the constitutional principles of guarantee of private property, both domestic and foreign, must be observed; and

"Whereas the Council of Ministers, in its plan of government submitted to the Congress, recognized the necessity for the participation of foreign investments in the country as a supplement in the formation of internal capital, so that the country may attain and maintain the levels of economic and social development demanded by population growth and by the Brazilian people's just aspirations to social well-being; and

"Whereas the nationalization of public utilities companies should not result in a reduction of foreign investments in the country, nor in the creation of a climate discouraging to new investments, nor constitute a source of substantial increase in the exchange burdens arising out of such investments:

"ARTICLE 1. A commission answering to the President of the Council of Ministers is hereby created, to be composed of three members appointed by the President of the Republic, such commission to be charged with (a) submittal, for approval by the Council of Ministers, of a list of the services to be taken over for direct operation, indicating order of priority; (b) negotiation, with the representatives of the concessionary companies, of the conditions and procedure for refund or indemnization to the shareholders, and submittal to the Council of Ministers of the plan resulting from each such negotiation;

"ART. 2. The conditions governing refund or indemnization agreed upon with the concessionaries shall be subject to the following principles: (a) Initial payment of a portion not to exceed 10 percent of the agreed total; (b) deferred payment of a portion in installments compatible whenever possible with resources accumulated by the selfsame utility and with a minimum of additional public resources; (c) obligation assumed by the concessionaries to reinvest in the country, in sectors or activities defined by the national planning commission as enjoying priority for the social and economic development, of not less than 75 percent of the net amounts received as reimbursement or indemnization, such reinvestment not to be applied to the financing of, or participation in, any Brazilian enterprise already in operation;

"ART. 3. The assets and the amounts to be received by the concessionaries as payment or indemnization shall be estimated by mutual agreement and, when necessary, through expert evaluation and/or arbitration by a representative of the Government and a representative of the concessionary, and experts appointed by joint agreement, or, in case of disagreement, by the President of the Council of Ministers, with the approval of the Cabinet;

"ART. 4. The present decree becomes effective on the date of its publication, all provisions to the contrary being hereby revoked."

Mr. HICKENLOOPER. Madam President, on yesterday afternoon the Brazilian Embassy released a translation of the May 30 decree of the Brazilian Federal Government under which the Government of Brazil proposed to take over public utility systems in Brazil. The provisions for compensation as set forth in this translation serve to confirm my worst fears. I will comment on these features in detail in a moment.

At the outset let me say that I am particularly disturbed that the introductory paragraph of the press release, which was presumably written by the Brazilian Embassy, indicates that the new decree has the approval of the U.S. Government. This is the way it reads:

The new decree is also a result of mutual understanding on the subject arrived at high level during the visit of President Goulart to the United States last April.

In view of the similarities between the Brazilian plan for compensation and those which were offered by Castro, I am deeply shocked to read that the new Brazilian decree has the approval of the U.S. Government.

I am not so sure that it does, but the Brazilian release indicates that the Government's proposal for expropriation has the approval of the State Department. That is what the Brazilian Government says. I do not say it has the approval of the State Department, but the Brazilian Government has indicated it has taken it up with our State Department and has the approval of our State Department to expropriate property belonging to Americans under this "fuzzy" method of payment. If it is true, I think we should know it. If not, the State Department should deny it.

Let me repeat what I have stated many times. We do not challenge for a moment the right of the Brazilian Government to expropriate properties within its territory, whether owned by Americans or other interests. But we do insist that there be prompt, adequate, and effective compensation. The State Department has traditionally insisted that international law requires the payment of prompt, adequate, and effective compensation, and all the best authorities are in agreement. If the expropriating government is willing to pay prompt, adequate, and effective compensation, then no question would be raised by me or, I believe, by any other Member of the Senate.

Now, let us look at what the May 30 Brazilian Decree provides for in the way of indemnification. Article 2 of the decree reads:

The conditions governing refund or indemnization agreed upon with the concessionaries shall be subject to the following principles:

(a) Initial payment of a portion not to exceed 10 percent of the agreed total;

(b) Deferred payment of a portion in installments compatible whenever possible with resources accumulated by the selfsame utility and with a minimum of additional public resources;

(c) Obligation assumed by the concessionaries to reinvest in the country, in sectors or activities defined by the National Planning Commission as enjoying priority for social and economic development, of not less than 75 percent of the net amounts received as reimbursement or indemnization, such reimbursement not to be applied to the financing of, or participation in, any Brazilian enterprise already in operation.

This is the whole of article 2. Article 1 provides for the setting up of a commission to recommend to the council of ministers what utilities shall be taken over and to negotiate the amount of the indemnification. Article 3 provides for expert evaluation and/or arbitration and in the event of disagreement for ultimate decision by the President or the council of ministers with the approval of the Cabinet.

My purpose is to comment on article 2, which falls far short of the standard of prompt, adequate, and effective compensation. It is deficient in the following respects. First, in that the initial payment may not exceed 10 percent. Second, the remaining 90 percent or more is to be paid in installments "com-

patible whenever possible" with the earnings of the utility. This suggests that the payment of the balance of the amount owing to the former owners will be dependent on the earnings of the utility. It is a notorious fact that most of the utilities in Brazil, which are foreign owned, have been losing money because their rates have been controlled at too low a level to permit a profit. In the case of the ITT subsidiary, the company has lost money for the last 10 years. If article 2 of the Brazilian decree means that the installment payments will be dependent on the earnings of the company seized, the decree is subject to precisely the same objection as the State Department officially made to the Castro decree, which provided that payments would be made from the proceeds of sales of sugar to the United States.

Third, it appears that the new Brazilian decree would sanction the issuance of long-term bonds, a device which Castro included in his decree of July 6, 1960, and which was condemned by the State Department in its release of July 16, 1960. Fourth, the Brazilian decree definitely would require the former owners to reinvest 75 percent of the net amounts received, including presumably the amounts received in the initial downpayment of not to exceed 10 percent, in enterprises in Brazil selected by the Brazilian Government. This does not meet the international law standard that compensation be effective. To be effective, it must be in a form which the former owners can use freely wherever they see fit to do so. Furthermore, what is to protect the former owner against the fantastic inflationary losses which would occur while it is seeking the approval of the Brazilian Government for a new investment in Brazil?

Fifth, the decree leaves the final decision, both as to the public necessity for expropriation and as to the amount to be paid as compensation, to the President and the Council of Ministers. There is no provision in the decree for judicial review. It should be noted that article 6 of the Castro decree of July 6, 1960, provides that the decisions of the President of the Republic and the Prime Minister as to expropriation shall be final and not appealable. The State Department in its release of July 16, 1960 stated:

> The nationalization law is both arbitrary and confiscatory in that its provisions for compensation for property seized fail to meet the most minimum criteria necessary to assure the payment of prompt, adequate and effective compensation and in its specific prohibition of any form of judicial or administrative appeal from the resolutions of the expropriating authorities.

The Brazilian decree, like the Castro decree, appears to leave the final decision with the Prime Minister.

In the light of the foregoing, I have very grave reservations that the expropriated utility owners in Brazil will be treated in a manner consistent with the requirements of international law. Some of the criticisms which I have mentioned above could, of course, be corrected by enlightened administration, but all we have at the moment is the language of the decree iteslf, which is quite inadequate for the protection of the expropriated property owners.

I know the State Department opposes the so-called dating back of this principle, but if we do not date the expropriation prohibition back to January 1, in effect we tacitly approve the expropriation that has taken place this spring, and we encourage other expropriations.

The documents which I have put in the RECORD—and I have done it that way for the sake of brevity—clearly indicate that there is a great similarity between the method being adopted today by Brazil and the method which was adopted by Castro's Cuba. That is why I put the documents in the RECORD.

In Latin America, especially, the argument is being used in many circles "If Cuba got away with seizing American property, why can not other countries get away with it?" If they get away with it, the sanctity and security of Americans' investments in Latin America are done and over with. Regardless of the high-sounding phrases for encouragement of private capital investment, there will be more discouragement, and no encouragement. We might as well kiss away the Alliance for Progress, which is on dead center anyway, because there is a lack of programing and planning in those countries.

If we do not do something like what is proposed, expropriation will sweep not only that continent but other countries where it is felt that American property, American investment, and private ownership are fair game for any predatory government.

Mr. CAPEHART. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HICKEY in the chair). Does the Senator from Iowa yield to the Senator from Indiana?

Mr. HICKENLOOPER. I yield.

Mr. CAPEHART. It does not make sense to the American people, the American taxpayer, and private industry of America to invest in any foreign country, knowing that the foreign country can expropriate the property and take the investment away from them.

Sovereign nations have a right to do that; but I do not think the Congress of the United States has any right to vote funds, loans, and gifts to be given to a country that deliberately expropriates American taxpayers' property and does not immediately pay for it in full.

To me the situation is ridiculous. Unless it is stopped, American private enterprise will not invest in many of these countries; and we as legislators have no right to spend the American taxpayers' money in those countries.

I agree with the able Senator from Iowa that there will be nothing but chaos, both in this country and other countries, unless we stop expropriation through such an amendment as the committee offered, plus the Senator's amendment to that amendment, making the provision retroactive for a couple of years. I cannot conceive of any Senator voting against this amendment.

Mr. HICKENLOOPER. I thank the Senator from Indiana.

I invite attention to the fact that the amendment adopted by the committee, to which I hope my amendment will be attached, does not violate any principle of national sovereignty. We recognize the principle of sovereignty. We recognize that a sovereign nation can, through eminent domain, take whatever property is within that country. But we take the position that such property must be paid for at its reasonable value.

All we are saying in the amendment the committee adopted is that if those countries want to exercise sovereignty, if they want to exercise eminent domain, they can do it, and we have no objection to it, but they should pay a reasonable value for the property they seize; and if they seize American property and do not pay for it, they should not get any more American aid.

We control what we do with our money; they must control what they do with property within their country.

That is all there is to the amendment. I submit it. I could discuss it for a long time, but I submit it to the acting chairman of the committee.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. CARLSON. I do not want to let this opportunity pass without commending the distinguished Senator from Iowa for the diligence with which he has pursued this problem.

The committee sincerely studied this proposal before we accepted and placed the amendment in the bill. It does not go as far as the distinguished Senator from Iowa would have gone, or as I would have gone; but it is a start, and I think the amendment he has suggested today strengthens the provision.

I think it ought to be adopted.

If we do not take action, as the distinguished Senator from Iowa stated, we shall be on the verge of a great wave of expropriation of property in all the Latin American countries and many other countries. This is an opportunity for the Senate to render a service to those interested in the foreign aid program. I commend the Senator from Iowa. I hope his amendment will be agreed to.

Mr. HICKENLOOPER. I thank the Senator from Kansas.

Mr. President, with respect to the retroactive feature, going back to January 1, 1962, in my judgment, the validity of the State Department's original argument against that proposal falls flat in view of the announced decree of the Brazilian Government issued on the 30th of May.

There are two expropriations now in process. One is in process in Ceylon. The Brazilian Government announced on the 30th of May the intention to expropriate other property in Brazil.

If we set the date as of January 1, 1962, we include the presently active expropriation proceedings and, in effect, serve notice as to expropriations which are proposed under the decree of May 30, 1962.

Mr. President, I reserve the remainder of my time.

Mr. SPARKMAN. Mr. President, this subject was carefully considered in the committee. It underwent a great deal of discussion.

I wish to say at the beginning of my remarks, as I have told the able Senator from Iowa, I am willing to take the amendment to conference, but I wish to make a few very brief remarks in regard to it.

The Senator from Iowa has made the record, and it is a record on which all of us can agree. Every member of the committee was greatly concerned over the question of expropriation. We feared, as the Senator from Iowa pointed out, that there might be a wave of expropriations. We recognize, as was pointed out by the Senator from Indiana and by the Senator from Iowa, that every sovereign nation has the right of expropriation. We do not dispute that. However, under international law and under good practice there should be adequate compensation. "Adequate cmpensation" carries with it, by implication, timely compensation as well as sufficiency of compensation.

I do not believe there was any other provision in the bill on which we worked harder than we worked on this particular provision. The Senator from Iowa was most helpful and most instrumental in working out an amendment which was accepted by the committee as a whole and I think was fairly satisfactory to the committee as a whole.

When the Senator from Iowa offered his original amendment, it had a much earlier date. In fact, it would have applied to any expropriation which had taken place in the past or which might take place in the future. Now the Senator has pinned the date down to exactly January 1, 1962, which would cover the most recent acts of expropriation.

I do not wish to bind myself to the exact language. I think the Senator from Iowa understands that. Of course, the Senator from Iowa will be one of the conferees when the bill goes to conference.

This language will give us ample latitude for discussion in the conference committee, for arriving at a suitable arrangement. For that reason I am willing to take the amendment to conference.

I am ready to yield back the remainder of my time.

Mr. HICKENLOOPER. Mr. President, I thank the Senator from Alabama. He has been most cooperative. I know his desire is to reach the problem effectively. In the past there have been some disagreements within the committee as to the best method for solving the problem.

I appreciate the consideration of the Senator in accepting the amendment. I believe it is meritorious, and I thank the Senator for his cooperation.

Mr. SPARKMAN. Mr. President, I yield back the remainder of my time.

Mr. HICKENLOOPER. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from Iowa.

The amendment, as modified, was agreed to.

Mr. HICKENLOOPER. Mr. President, I have another amendment which I hope the acting chairman of the committee will take to conference. The subject matter of this particular provision has been argued at length in the Senate. It has been discussed from all angles. The Senate is thoroughly familiar with the general meaning.

Mr. President, I call up my amendment "6–5–62—C" and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 11 it is proposed to strike out the period at the end of line 19 and to add the following: "and no other provision of this act shall be construed to authorize the President to waive the provisions of this subsection."

Mr. HICKENLOOPER. Mr. President, in the main bill there is a provision that the President may waive certain provisions of the law if he deems it to be in the national interest.

In respect to this particular amendment on expropriation, I believe it most desirable that there be no waiver of the provision. That is what the amendment purports to do. The amendment provides "and no other provision of this act shall be construed to authorize the President to waive the provisions of this subsection."

I sincerely believe that the adoption of the amendment would be of great service to the President and to the administration in connection with the expropriation matters, because the pressures put on the Executive to waive provisions of the law, under the argument that it is in the national interest to do so in this case or in that case, are very great indeed. I think it would be doing the President a favor if we placed this particular provision in the law.

I earnestly hope that the Senator from Alabama will take the amendment to conference. Ample leeway is provided. We can discuss it in the conference between the House and Senate.

Mr. SPARKMAN. Mr. President, if the Senator will yield to me, I am willing to take the amendment to conference. This is one of the provisions we discussed in the committee.

Mr. HICKENLOOPER. I understand.

Mr. SPARKMAN. I feel that the President ought to have a waiver right, but whether we have provided the correct language in the bill, or whether it is provided in the Senator's amendment, I do not know. This is something we can discuss in the conference committee, and I am willing to take the amendment to conference.

I yield back the remainder of my time.

Mr. HICKENLOOPER. I thank the Senator from Alabama for his courtesy and cooperation.

I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Iowa [Mr. HICKENLOOPER].

The amendment was agreed to.

Mr. COOPER. Mr. President, I call up my amendment 6–6–62—F, with a modification, and ask that the amendment, as modified, be stated.

The LEGISLATIVE CLERK. On page 1, after "SEC. 101." insert "(a)".

On page 2, between lines 4 and 5 it is proposed to insert the following:

(b) Such section is further amended by inserting at the end of the last paragraph the following new sentence:

"It is the sense of Congress that, where feasible, the United States Government invite friendly nations to join in missions to consult with countries which are recipients of assistance under this part on the possibilities for joint action to assure the effective development of plans for the economic development of such recipient countries and the effective use of assistance provided them; and that the President may request the assistance of the International Bank for Reconstruction and Development in bringing about the establishment of such missions."

Mr. COOPER. Mr. President, today a number of amendments have been submitted which would have the effect of prohibiting aid to certain countries. My amendment may be less dramatic. It is designed to secure the improvement, if possible, of the plans for economic development of the countries we help, and also to secure the participation of other countries in programs of aid to the countries we help.

In February 1959, the then Senator Kennedy and I introduced Senate Concurrent Resolution 11. That resolution asked that the U.S. Government invite friendly democratic nations to join with the United States, and to consult with countries in south Asia for the purpose of determining two things: First, whether a better program of economic development could be formulated; second, whether other countries could be persuaded to join the United States in financing such a program.

That resolution was passed by the Senate on September 10, 1959. The State Department acted upon the resolution. It requested the help of the International Bank for Reconstruction and Development. The World Bank obtained the cooperation of Mr. Hermann J. Abs of Frankfurt, Germany, Sir Oliver Franks of England, and Mr. Allen Sproul, former chairman of the New York Federal Reserve Bank. Those three men went to south Asia, to India, and Pakistan. They consulted with the governments of those countries, returned, and made their recommendations.

I think that the resolution which the then Senator Kennedy and I introduced encouraged a consortium composed of countries such as Western Germany, the United Kingdom, Japan, Canada, and France, which are now helping to finance the economic development of India and Pakistan.

The amendment I have offered today follows the language and purposes of the resolution the Senate adopted in 1959. It would urge the President, where he thought it feasible, to invite other countries to join with the United States in

consulting with the countries we are helping, and in exploring the possibilities of joining with us in two projects: First, to provide better plans for the economic development of these countries, and second, to help to provide the funds for their economic development. The method worked in the case of India and Pakistan. I think it could be used effectively in the case of other countries we aid.

Mr. SPARKMAN. Mr. President, will the Senator yield to me?

Mr. COOPER. I yield.

Mr. SPARKMAN. At the time I favored the proposal of the Senator from Kentucky, and I still favor the resolution offered by the Senator from Kentucky and the then Senator from Massachusetts to which the Senator from Kentucky has referred. I think it was a good resolution and produced good results. I am willing to take the proposal to conference.

Mr. COOPER. I thank the Senator.

Mr. SPARKMAN. Mr. President, if the Senator is willing to yield back the remainder of his time, I am willing to yield back my time.

Mr. COOPER. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kentucky.

The amendment was agreed to.

Mr. COOPER. Mr. President, I call up my amendment 6–6–62—E, and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Kentucky will be stated.

The LEGISLATIVE CLERK. On page 2, before the quotation marks at the end of line 4, it is proposed to insert the following:

It is further the sense of Congress that it is desirable that the programs of assistance under this part to each country receiving such assistance, as well as such country's own programs of economic development, should be reviewed by Advisory Committees appointed by the President to advise the President and the Congress whether such programs will be effective in achieving the purposes of this Act and in bringing about the economic development of such countries.

Mr. COOPER. Mr. President, the purpose of the amendment is to express the sense of the Congress that an independent review should be made of the aid programs we are carrying on in each country, and that an assessment should be made of the recipient countries economic development programs, by an advisory committee appointed by the President.

The advisory committee would make a determination or an assessment as to whether the program of economic development in the country receiving our aid is an effective one. The committee would also determine whether our assistance was being used most effectively to secure the economic development of the country.

I do not offer the amendment lightly. I have seen one of our aid programs at work, and I know that there is a tendency to go on with these programs from year to year without an independent review. I am certain that we have many programs throughout the world which are not as effective as they should be in accomplishing our objective, which is to assist in the development of those countries.

There may be a tendency to continue some programs whether they are urgently needed or not. There may be a tendency for those in charge of some programs to build up their personnel and keep the programs going. I do not say that is occurring now. I know Mr. Fowler Hamilton is making a great effort, and is securing improvements in our programs. I think my amendment could support his efforts for improvement, by obtaining the independent advice of men of experience and judgment.

A year ago, when the new administration came in, I pointed out that it had a great opportunity to take a hard look at the development program in each of the countries that we are helping, to determine whether their programs are as effective as possible and can accomplish the purposes for which they have been formulated. I pointed out that we should also determine whether our programs of aid are the best that can be designed for each country.

I believe that if such a review has not been undertaken, it ought to be done in every country to which we furnish assistance. My amendment provides that it is the sense of the Congress that the AID through an advisory committee appointed by the President, should secure an independent review of the programs in every country we help, to determine, first, if the development program of the country itself is such that it will lead to reasonable economic development, and second, if our own country's aid program is as effective as it should be.

I have offered two amendments today which I believe could reduce the cost of our foreign aid programs, which could help to assure better development plans in each country we help, and which could assure that our own programs of assistance to these countries are made more effective.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. BUSH. I am very much in sympathy with the purpose of the amendment offered by the Senator from Kentucky. I recall being in Vienna last September at the meeting of the World Bank and its subsidiary organizations. I recall the brilliant speech made at the time of his retirement by Robert L. Garner on the question of foreign aid. I recall in the month of October hearing the President of the World Bank, Mr. Eugene Black, make a very brilliant speech on the subject in New York after a big dinner at the Waldorf.

The one point that stood out in the remarks of both of those men, in the light of their long experience in lending money around the world to promote the welfare of countries, was that the quality of the loan is the important consideration. Their feeling was that we spent or lent too much money on projects in which the net result is not clearly seen, and the loan fails to accomplish the purpose for which it was originally intended.

So I compliment the Senator on bringing out that point. The question in my mind regarding the amendment of the Senator from Kentucky is in respect to what sort of advisory committee the Senator has in mind. The Senator has said that the programs would be reviewed by an advisory committee appointed by the President. Does he mean committees within the Government or outside authorities? Could we develop the Senator's view as to what he means by an advisory committee?

Mr. COOPER. The language of the amendment leaves that decision to the President. The President could designate a committee composed of officials drawn from the Government, or a committee composed of knowledgeable citizens outside Government. I thought it better to give the President flexibility and some latitude. Doing so might make it easier to secure the appointment of a good committee.

Mr. BUSH. I think the provision would certainly give him plenty of leeway.

Mr. COOPER. I think so.

Mr. BUSH. That is one point about the Senator's amendment that I wish were a little more specific. Perhaps we can make the record now as to what the Senator has in mind. Does the Senator have in mind the appointment of advisory committees whose members, by virtue of their knowledge and experience in such fields, would be useful and helpful in connection with the making of loans of the nature specified?

Mr. COOPER. That is my purpose. It would require men of judgment and experience to make an independent appraisal of real value. I am glad the Senator from Connecticut has helped make that clear, because now this intent will be shown in the RECORD.

Mr. BUSH. It should not be a little inside committee within the Hamilton organization, the AID organization. I do not believe that is the kind of advisory committee that should be set up to implement the amendment. It could be a small committee of two or three or four or five persons, provided they are persons who have some competence in the field and who know the area and know the problems of the particular country involved, and who also have some competence in appraising whether a project will eventually do what it was intended to do.

Mr. COOPER. Yes; that is the purpose. I made this proposal over 5 years ago, when I returned from India. I suggested at that time that a group of competent people be appointed to examine the development program in India, to see if their program was designed so as to give the best promise of accomplishing the purposes for which it was set up, and to see whether our own aid program was accomplishing what it ought to be doing there.

Later, in 1959, Senator KENNEDY and I submitted a resolution which was adopted by the Senate. As a result, a committee was formed, composed of three outstanding bankers in the world. They were Mr. Allan Sproul of the United States; Sir Oliver Franks of Great Britain; and Mr. Herrmann J. Abs of Ger-

many. They did not examine our aid program. They did go to India and Pakistan. They were able to come back and say, "We have made certain recommendations about the kind of aid that should be given."

That encouraged a consortium, through which a number of countries contribute toward India's third 5-year plan and Pakistan's second 5-year plan. This year additional countries have joined the consortium. I have maintained for some time now that this ought to be done with respect to other countries also.

However, I am dealing with something else in my second amendment, which I consider equally important. I have supported foreign aid ever since I have been in the Senate. I have made a number of speeches on it. They may not be remembered, but in 1957 in my speeches in the Senate I was saying the same thing I say today—that our country should not just continue the same old programs, or support programs which may be useful but not wholly essential. It ought to secure a review in each country of that country's development program to see if it is the kind of development plan that we think is practical and possible within that country, considering that country's circumstances and resources. Then we should look at it from another viewpoint, to see if our aid is being used in the most effective way, and if we are doing first the most essential things that need to be done.

I became interested in this subject through my experience in India. I saw our money going into all kinds of ancillary projects, which, while useful, were not wholly essential. A good deal of money was spread out on small projects, when it ought to have been devoted to the main projects. I concluded at that time that our efforts could be better planned and organized.

Mr. Hamilton is making a great effort within his organization. My proposal is not at all in derogation of his work. I believe it would be helpful to him to have a review and an independent appraisal of these programs, to see whether our money is being spent on the most important projects and is being put to the best use.

There ought to be another level of review, beyond that within the AID. I think the President should appoint a committee of two or three able men to review these programs. They could not go into every detail, but it should be determined whether a specific country has the kind of development program it ought to have, and whether our aid is effective. That is what I am arguing for. I am getting tired of voting for the large amounts of money year after year when it is so hard to get a clue as to whether it is doing any good.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. SPARKMAN. I wish to ask the Senator about something the distinguished Senator from Kansas [Mr. CARLSON] spoke to me about in connection with the Senator's amendment. It deals with the committees the Senator has in mind. In the amendment the Senator refers merely to committees for the various countries. Does that mean that the President would appoint a committee for each country, or does it mean that there would be two or three or four or five committees that would go from country to country to review the situation in each country?

Mr. COOPER. I believe that next year the President could pick out six or seven countries, or eight or nine countries, and say, "We would like to set up a committee of outstanding men to study the problems of development in this area." It might be a committee of outstanding businessmen, perhaps including representatives from labor, or any outstanding group of men whose judgment would be respected.

Mr. SPARKMAN. To do a sampling.

Mr. COOPER. Yes. To see what our aid is accomplishing in a particular country. I know that some countries may expect our programs to go on without change. But I believe it is time to take a close look at the way these programs are being managed.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. CARLSON. The Senator from Alabama has raised the question that I discussed with him briefly. The amendment of the Senator from Kentucky is quite openended. In other words, it could mean the appointment of an unlimited number of committees. I would suggest that the distinguished acting chairman of the committee would look into this matter in conference. There is the danger of the President setting up an unlimited number of committees. Each member of a committee would draw $75 and expenses. If an unlimited number of committees was appointed, it could be embarrassing. We had that situation come up today in connection with the amendment of the Social Security Act, and we struck out such a provision and put a limitation in it with respect to it. This ought to be discussed and taken care of when the conference committee meets. At that time some thought ought to be given to it.

Mr. SPARKMAN. I shall be glad to take the amendment of the Senator from Kentucky to conference. It is a good amendment. I believe there is substance in the suggestion made by the Senator from Kansas. I should like to make a request of the Senator from Kentucky. I would like to have them give some thought to possibly preparing language that might be suggested to the conference committee at the time we meet, so that we might put proper safeguards around this subject.

Mr. COOPER. It was my thought that this point should be within the discretion of the President.

Mr. SPARKMAN. Perhaps a statement could be prepared which could go into the report of the managers on the part of the House. I am willing to take the amendment to conference.

I yield back the remainder of my time.

Mr. COOPER. I yield back the remainder of my time.

The PRESIDING OFFICER. All time for debate has expired. The question is on agreeing to the amendment offered by the Senator from Kentucky.

The amendment was agreed to.

Mr. COOPER. Mr. President, I ask unanimous consent to have inserted in the RECORD at this point an explanation of my amendments and an excerpt from a statement on foreign aid I made in the Senate on April 29, 1960.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

FIRST COOPER AMENDMENT DESIGNATED "6–6–62—F" TO S. 2966, THE FOREIGN ASSISTANCE ACT OF 1962

On page 1, after "SEC. 101." insert "(a)".

On page 2, between lines 4 and 5 insert the following:

"(b) Such section is further amended by inserting at the end of the last paragraph the following new sentence:

"'It is the sense of Congress that, where feasible, the United States Government invite friendly nations to join in missions to consult with countries which are recipients of assistance under this part on the possibilities for joint action to assure the effective development of plans for the economic development of such recipient countries and the effective use of assistance provided them; and that the President may request the assistance of the International Bank for Reconstruction and Development in bringing about the establishment of such missions.'"

EXPLANATION OF THE AMENDMENT

The purpose of the amendment is to seek the development of a consortium with other countries to provide assistance to specific countries that the United States might designate. It would have the effect of (A) asking other countries to assume a part of the cost of assistance to specific countries, which the United States might otherwise bear wholly over a period of years; and (B) securing the assistance of such contributing countries in assessing effective plans of economic development for recipient countries.

The amendment follows the language and purpose of Senate Concurrent Resolution 11 respecting India and Pakistan, which the then Senator Kennedy and I introduced in 1959. Our resolution was passed by the Senate on September 10, 1959. As a consequence of that resolution, the World Bank appointed Mr. Allen Sproul of the United States, Sir Oliver Franks of Great Britain, and Mr. Hermann J. Abs of Germany to a Bankers' Mission which made a new assessment of the Indian and Pakistan development programs and of the nature of assistance which would be effective. The consortium organized under the leadership of the World Bank has resulted in agreement by Western Germany, the United Kingdom, Japan, Canada and France to bear part of the cost of development of India.

SECOND COOPER AMENDMENT (DESIGNATED "6–6–62—E") TO S. 2996, THE FOREIGN ASSISTANCE ACT OF 1962

On page 2, before the quotation marks at the end of line 4, insert the following: "It is further the sense of Congress that it is desirable that the programs of assistance under this part to each country receiving such assistance, as well as such country's own programs of economic development, should be reviewed by advisory committees appointed by the President to advise the President and the Congress whether such programs will be effective in achieving the purposes of this Act and in bringing about the economic development of such countries."

EXPLANATION OF THE AMENDMENT

The purpose of the amendment is to secure an independent review and assessment of the effectiveness of recipient countries' economic development programs, and of the effectiveness of the type of assistance that we provide for such countries.

Such an independent assessment could provide advice to the President and Congress as to whether: (1) the program of the recipient country is one which can be effective, and (2) whether our program is effective in assisting in the economic development of the recipient country.

Such a review could lead to elimination of unnecessary programs and expenditures by the United States, and to directing aid to the most important projects for the development of countries we aid.

EXCERPTS FROM STATEMENT BY SENATOR COOPER ON FOREIGN AID, IN THE SENATE, APRIL 29, 1960 (CONGRESSIONAL RECORD, PP. 8335–8337)

I believe that if the foreign aid program is to survive, it demands a reorganization by the executive branch, and by the Congress.

One of the chief reasons for the growing disillusionment over our foreign aid program, in my view, is that many people do not believe that it is as effective as it could be, considering the amount of money that we appropriate each year. From my observations for a short time in another country, that was my belief—that it is not as effectively used as it should be, and that it demands reorganization.

I wish to suggest a few points today which I believe this administration, or the incoming administration, and the Congress and its appropriate committees might take into consideration in the formulation of a foreign aid program for the future.

My first point is that military assistance and defense support should be stricken from the mutual security bill and placed in the defense budget.

The second point I make—and I believe this is the most important of all—is that if a foreign aid program is to be truly effective, it must be given continuity by the administration and by Congress.

The Marshall plan succeeded, in my judgment, because Congress made a statement of policy, a moral commitment to a 5-year program. The European countries were able to plan programs to fit their needs. They were able to organize their plans and programs for a 5-year period. The United States on its part was able to make its economic arrangements, its delivery of supplies over a period of 5 years. This course produced an effective program. And the cost was less than was contemplated at the time of the adoption of the Marshall plan.

As long as we have an economic program under which appropriations are made year by year, the recipient country cannot plan its expenditures; it cannot manage its foreign reserves. The United States cannot plan with the recipient country programs which would be most effective in that country. As a result, a country will not undertake wealth-creating programs because it does not know that help will be forthcoming from succeeding Congresses.

Russia has an advantage in this respect: It can select one or two great projects in another country, of large cost, which are wealth creating. It will make commitments at one time, to enable the major projects to go forward under Russian aid.

It seems contradictory to the very spirit of this country—a country which prides itself on its efficiency, and on the effectiveness of its private enterprise system, where plans are made years ahead—for the Congress to appropriate vast sums of money year by year, piecemeal, which deny the very effectiveness and the fulfillment of the objectives of our foreign aid program.

Continuity for 5 years would make possible a far more effective foreign aid program, with the same amount of money we appropriate now, or even with smaller sums.

The third point I make relates to the selection of projects in the recipient countries. Our programs are bilateral. Usually a country submits to the United States a program which it would like to undertake. It is difficult for the United States to say that a better program could be initiated. To do so offends the sense of sovereignty of the other country. If offends their sense of freedom and independence in a newly established country. A multilateral organization, however, could assist in the selection of the best program for a country, without difficulty.

I should like to see the State Department and the executive branch be able in the future to arrange consultations with the World Bank, or with the United Nations program of preindustrial planning. If the preindustrial planning program of the United Nations or the World Bank were used to determine the most suitable programs for recipient countries, we could be sure then our money would be spent on the best programs and would be more effectively used.

My fourth point is that we should give more attention to agriculture. * * * As these countries industrialize, the slow advances in personal income will first be spent on food and clothing. Unless they make progress toward modern agricultural development, we will see inflation in these countries, and the small advance in personal income from their industrial progress will be wiped out. * * *

We know that our foreign aid program, in self-interest, takes into account the struggle between two great world forces—the democratic countries and the Communist countries. But for many people throughout the world—and I know this to be true from my service in other countries and from my service in the United Nations—this struggle has little appeal. It ought to have appeal, but it does not reach the people. Many countries are engaged in a revolution, peaceful or violent, to upset the old order of their countries—an order which they believe has held down their living standards and prevented them from attaining equality in the world. Whether it be a democratic revolution or a Communist revolution, there is mystique and attraction in revolution. We see this today in Latin America.

If we base our mutual aid program with these countries solely on helping us maintain our own defenses and our own security against communism, the program will not have full appeal to the countries that are developing. Although they know our self-interest, they want to be certain that our purpose in maintaining this program is also to help the newly independent and developing countries advance in the ways our country has advanced. We can communicate that purpose to them only through action. * * *

So, Mr. President, if we are to have a mutual security program which the country will continue to support, this program must be reorganized. I have had the unique experience of observing this program from both sides (as a Member of the Senate and as Ambassador to India); and I have made these same recommendations since 1955 and 1956, when I saw our mutual security program in operation.

Mr. SPARKMAN. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 15, lines 8 and 9, insert the following:

SEC. 404. The first section of the Act authorizing participation in the Interparliamentary Union (22 U.S.C. 276) is amended to read as follows:

"An appropriation of $48,000 annually is authorized, $21,000 of which shall be for the annual contributions of the United States toward the maintenance of the Bureau of the Interparliamentary Union for the promotion of international arbitration; and $27,000, or so much thereof as may be necessary, to assist in meeting the expenses of the American group of the Interparliamentary Union for each fiscal year for which an appropriation is made, such appropriation to be disbursed on vouchers to be approved by the president and the executive secretary of the American group."

Mr. SPARKMAN. The effect of the amendment is to do three things. First, it would retain the present ceiling of $48,000 for all expenditures annually for Interparliamentary Union purposes, and second, it would increase from $18,000 to $21,000, the ceiling of U.S. contributions to the Bureau of the Interparliamentary Union, and, third, it would decrease the ceiling on expenses of the American group, which includes the Senate and House delegations, from $30,000 to $27,000. It means that the total amount will be the same as we have had in the past, but that it will be distributed a little differently. I yield back the remainder of my time on the amendment.

The PRESIDING OFFICER. All time on the amendment has been yielded back. The question is on agreeing to the amendment offered by the Senator from Alabama.

The amendment was agreed to.

Mr. KEATING. Mr. President, I call up my amendment designated "6–5–62—F." I ask unanimous consent that the reading of the amendment be dispensed with but that the amendment be printed in the RECORD.

The PRESIDING OFFICER. Without objection, the reading of the amendment will be dispensed with; and without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 1, line 8, after "SEC. 101", insert the following: "(a)".

On page 2, between lines 4 and 5, insert the following:

"(b) Such section is further amended by inserting after the seventh paragraph the following:

" 'It is the sense of Congress that clear priorities should be established among the countries receiving assistance under this Act and that any requests for appropriations to carry out programs of assistance under this Act should be accompanied by information with respect to the priorities assigned for the fiscal year for which appropriations are requested.

" 'It is further the sense of Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which concentrate their own resources on economic development rather than on Communist-supported military or propaganda efforts directed against the United States or against other countries receiving assistance under this Act.' "

Mr. KEATING. Mr. President, at the conclusion of my remarks, I shall send to the desk a modified form of the amendment and shall propose that it be acted upon.

Mr. President, the purpose of the amendment is threefold.

First. There is an undeniable need for priorities in the aid program. By that I mean that we need to make some decisions as to where and how our funds can best be invested to bring the greatest long-term returns in economic improvement and in mature political development. At the moment there is hardly a non-Communist country in the world that does not get some share of American aid. In fact, even some Communist countries receive help. As a result, our funds, which are limited, and our technicians and experts, which are even more scarce, are spread thinly around the globe. What can they accomplish under these circumstances? It was the chairman of the Foreign Relations Committee himself, who asked at a hearing April 16 on the Alliance for Progress program:

> Would it not be wise to have some system of priorities in which you undertake to conduct effective administration with the available competent men in a few countries as a start toward some concrete progress?

I think Congress should provide a strong and affirmative answer to this query right now.

What are needed are more hard-headed decisions as to what we really want to accomplish and where. We have small projects now all over the globe. Looked at individually, each may have some merit. But the foreign aid administration may very well be reaching the point where it cannot see the woods for the trees. The clear establishment of priorities with written justifications of these priorities made available to all Members of the Congress as a part of the appropriations request would help the executive branch, the Congress, and in fact the whole country to judge what is going on.

Second. It should be self-evident that our aim is not only to help other nations maintain their independence but also to encourage in them an understanding of American ideals and objectives in the world today. If as some people say, all we want is to help a nation maintain independence, we might as well be giving aid to the Soviet Union and to Red China. They are both independent.

Let us be honest with ourselves. We want not only independent nations, but also nations that live at peace with their neighbors, that take a responsible position in the United Nations, that make a genuine effort to understand what the United States stands for, even though they may differ on individual issues, and above all nations that would support the cause of freedom, should we ever face a showdown. No foreign aid project or program in any country can guarantee these results. But surely these results represent the overall objective of our foreign policy and therefore any part of our foreign policy, including the foreign aid program, must be consistent with our hope to achieve these ends.

Part of the language in my amendment was unanimously approved in the foreign aid appropriation bill of last year. It stems from the remark President Kennedy made when the signed the foreign aid authorization bill a year ago. The remark and the amendment reflected the anger which many Americans felt then at the two-faced reaction of the Belgrade neutrals conference to the resumption of Soviet nuclear testing. There is no doubt that Americans were thoroughly aroused over the hypocrisy shown at the conference. We did not conceal our justified outrage. This expressed outrage plus the Senate language in the aid appropriation bill were a very useful warning to some of these nations, which have, noticeably, toned down their anti-Americanism since then.

This language should be permanently in the policy statement of this legislation to remind ourselves and the world that mere independence is not all we require, that there are other values and principles which we cherish and that we want to have these values fairly understood and appreciated by those nations we choose to assist.

Finally, Mr. President, my amendment would give a similar preference under this act to those nations which use their own resources for economic development and not for Communist-supported propaganda or military efforts. No nations are individually named, but the amendment could serve as a useful warning to a number of nations. For instance, it is widely reported, although the AID agency does not admit it officially, that American aid to Nasser may go up to $200 million this year, under this and other acts. At the same time, Nasser is stepping up his propaganda broadcasts throughout Africa, stirring up hatred of so-called Western imperialism. His ministers are also reputedly planning a trip to the Soviet Union to drum up more Soviet aid and try to get more Soviet weapons. Under no circumstances should our stepped-up aid to Nasser provide the margin for him to step up propaganda or military efforts against Israel or against the United States. A recent article by Roscoe Drummond has given some figures on this point. Even though the figures are unconfirmed, if any U.S. aid helps Nasser buy Soviet equipment, it is a mistake.

In the case of Indonesia, American aid is undoubtedly making it easier for Sukarno to squander his own resources on aggression against the Dutch in western New Guinea. His nationalistic ambitions have strong Communist backing, although they are in violation of all United States and United Nations interests and principles. It does not serve the cause of freedom to help Sukarno in these designs and our foreign aid program to Indonesia should be administered with this in mind.

Thirdly, in the case of India, we know that Defense Minister Krishna Menon is negotiating with the Soviet Union to purchase Migs. It is our unfortunate suspicion, suggested by events up to this point, that these planes are intended more as a threat against Pakistan than against the real aggressor, Red China. If this is the case, U.S. aid to India should not, directly or indirectly, provide the economic margin for India's arms buildup.

There are other countries which might be mentioned. None are named specifically in any amendment, but the purpose of the amendment is to put this principle into the policy statement of the aid bill. Our purposes and intentions should be clear, not only to American citizens, not only to those who administer the AID program, but also and above all, to those recipients of American aid who are more concerned with propaganda and aggression than with much needed economic development.

Mr. President, this amendment offers guidelines for our aid program. I am confident that every Member of the Congress would support these basic principles. Therefore, I think we should not hesitate to write them into the bill so that we do not abdicate our legitimate legislative concern over foreign aid policy.

Rightly, I think, many Americans think the Congress has not fulfilled its responsibilities in exercising proper surveillance over foreign aid funds. We have given the administration virtually a free hand in running the program and in many cases, the results have been disappointing. The Congress has a duty to make its intentions clear in the policy language of the bill and we should not shirk it.

Mr. President, I urge the Senate to support the amendment.

I ask unanimous consent to have printed at this point in the RECORD an interesting and revealing article entitled "Cause for Alarm: Soviet Arms to Egypt," written by Roscoe Drummond and published in the New York Herald Tribune of June 6, 1962.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CAUSE FOR ALARM: SOVIET ARMS TO EGYPT

(By Roscoe Drummond)

From all the information I can gather, there is reason to view with alarm President Nasser's mounting acquisition of Soviet arms and our indirect role in helping him.

I am not suggesting that Egypt should be denied American aid because Nasser wants to remain an unaligned neutralist; I am not suggesting that the United States should not give assistance to a country which also gets aid from the Soviet Union.

This is not the problem. This is not the reason I feel we must view where General Nasser is heading with new concern and take a fresh, hard look at what we are doing.

What is happening is:

Nasser is acquiring a formidable, ominous, aggressive—not defensive—military arsenal from Moscow.

To pay for these arms, he is imperiling still further all prospect that his regime can solve its economic and social problems peacefully within the existing boundaries of Egypt.

American aid to Egypt just about equals the resources which Nasser is diverting from Egypt's internal needs in order to purchase new and large-scale arms from the Soviets.

It seems to me that this trend of events presents a dangerous picture—and a dangerous potential. The very least we can do is to reexamine our part, however indirect, in bringing it about.

Obviously the Egyptian-Soviet arms traffic cannot be calculated precisely. But there is a variety of informed sources and, by cross-checking them, it is possible to make a careful computation. It is no overstatement to say that Egypt put approximately $68 million into Soviet military equipment in 1961. The figure will go to $85 million in 1962. A total

of $145 million will be spent for modern, complicated Soviet weapons to be delivered during the next 2 years.

As a result of these Soviet deliveries, Nasser has announced he is doubling the number of army divisions from three to six, two of which will apparently be armored divisions.

The price tag on Soviet arms, delivered and contracted for from 1961 through 1964, is estimated at not less than $298 million. This is 60 percent of the estimated market value. Egypt pays on long-term loans at 2 percent.

Over this period the United States and International Monetary Fund will contribute to the Egyptian economy an amount equal to, perhaps even greater than, what Nasser is withdrawing from his economy to buy these weapons.

This looks like an uneconomic, unproductive, unhealthy, and undesirable enterprise.

Mr. KEATING. Mr. President, following a conference with the distinguished Senator from Alabama [Mr. SPARKMAN], I have modified my amendment so that it will read as follows:

On page 1, line 8, after "SEC. 101", insert the following: "(a)".

On page 2, between lines 4 and 5, insert the following:

"(b) Such section is further amended by inserting after the seventh paragraph the following:

" 'It is the sense of Congress that requests for appropriations to carry out programs of assistance under this Act should be accompanied by information with respect to the priorities assigned among the countries receiving assistance for the fiscal year for which appropriations are requested.

" 'It is further the sense of Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military or propaganda efforts, supported by the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this Act.' "

Mr. SALTONSTALL. Mr. President, will the Senator from New York yield?

Mr. KEATING. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I commend the Senator from New York for offering his amendment. I think the proper approach is to give priorities to countries which are in need of assistance, are most friendly and helpful to us, and think as we do. That is a much better approach than the negative approach was was considered yesterday and was modified today.

I am very happy that the Senator from New York has offered his amendment. It is really an extension of what was provided in the appropriation act of last year. In my opinion, this is the proper method of approach. I am glad to join with the Senator from New York in the hope that his amendment will be agreed to.

Mr. KEATING. Mr. President, I deeply appreciate the kind remarks of the Senator from Massachusetts.

Mr. BUSH. Mr. President, will the Senator from New York yield for a question?

Mr. KEATING. I yield.

Mr. BUSH. As I recall, I supported the Senator's amendment to the bill last year. Did the amendment remain in the bill and become a part of the law?

Mr. KEATING. It remained in the appropriation bill last year, but was not included in the authorization bill this year.

Mr. BUSH. The purpose now is to have the language included in the authorization bill?

Mr. KEATING. The purpose is to have the amendment included in the authorization bill this year.

Mr. BUSH. I wondered if the Senator had noticed the effect of the amendment in the appropriation act last year. Is there any evidence that the amendment really guided the administration of the program?

Mr. KEATING. I am afraid that not so much attention was paid to it as it was thought should be paid to it when the amendment was adopted. Nevertheless, I believe it has had a salutary affect, in that the action of this body and of Congress as a whole is watched closely by our friends who receive aid.

I invite attention to the fact that the amendment was included in the appropriation bill last year by the unanimous action of the Senate. There was much discussion of the amendment in the Senate. Many Senators expressed their support of it, and I believe the Senator from Connecticut was one of them.

Mr. BUSH. I certainly was; and I hope the Senate will take unanimous action in favor of the amendment tonight.

Mr. SPARKMAN. Mr. President, I yield myself 2 minutes.

I have discussed the modified amendment with the Senator from New York. Has the Senator modified his amendment?

Mr. KEATING. I have modified it in accordance with our discussion, and I have read the modification into the RECORD.

Mr. SPARKMAN. Very well. I have discussed the modified amendment with the Senator from New York. Together we drafted the modification which has been submitted. In actual practice, the priority system is already in effect. The Senator spoke about the provisions having been placed in the appropriation bill last year. The first part of the amendment is already in operation.

I am in complete sympathy with the objective of the amendment. I do have some doubt as to whether the language used would accomplish the purpose. But I am perfectly willing to accept the amendment and take it to conference, and I shall solicit the help and the advice of the Senator from New York. Of course the conferees will work on the amendment and will obtain the best possible language at that time.

Mr. KEATING. Mr. President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from New York is recognized for 1 minute.

Mr. KEATING. Mr. President, I express my gratitude to the Senator from Alabama, who has been most helpful in this connection. But I hope there were no invidious implications in his use of the words "I will take the amendment to conference."

Mr. SPARKMAN. No, Mr. President; I had no such meaning. I am perfectly willing, so far as I am concerned, to advocate the inclusion of the amendment in the bill. But I hope that between now and the time when the conference is held, we may do a little work on the amendment; and I want the Senator from New York to help us in that connection.

Mr. KEATING. I appreciate that, and I assume that improvement in the language of the amendment can be made. I appreciate very much the courtesy of the Senator from Alabama.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York [Mr. KEATING].

The amendment was agreed to.

Mr. JAVITS. Mr. President, I offer the amendment which I sent to the desk and ask to have stated. The amendment is offered by me on behalf of myself and my colleague [Mr. KEATING].

Mr. SPARKMAN. Mr. President, at this time will the Senator from New York yield briefly to me?

Mr. JAVITS. I yield.

Mr. SPARKMAN. I know that the Senator from New York will be quite brief in his remarks. I point out that several Senators have engagements and wish to take planes in a short time. Let me say, for the information of Senators, that the Senator from New York has three amendments. Several of them are more or less technical—although perhaps they are of greater importance to the two Senators from New York than they are to some of the rest of us. But we have worked on the amendments, and I stated to him that I was perfectly willing to take all three of the amendments to conference.

One of them would correct a mistake in the bill. I do not know which amendment the Senator from New York intends to call up first; but I now refer to the one which relates to the New York Fair. Our report said one thing; but interpretation indicates that the proposed law evidently says another. This amendment is aimed at correcting that situation.

Mr. JAVITS. I thank the Senator from Alabama. Mr. President, as I stated, I submit the amendment on behalf of myself and my colleague [Mr. KEATING]. I ask that the amendment be stated at this time.

The PRESIDING OFFICER. The amendment of the Senator from New York will be stated.

The LEGISLATIVE CLERK. On page 15, at the end of line 8, it is proposed to add the following sentence:

The amendment made by this section shall not be applicable with respect to any fair or exposition within the United States for which an appropriation has been provided.

Mr. JAVITS. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator from New York is recognized for 2 minutes.

Mr. JAVITS. Mr. President, the report clearly states that the bill is not intended to affect the action taken in

regard to the New York World Fair in the supplemental appropriation bill and, in general, in regard to the general U.S. participation there, insofar as its pavilion is concerned. Nevertheless research indicates that the statutory base of the authorization would be swept away, in the absence of this amendment, if the provision of the bill for general legislation, also in the jurisdiction of the Foreign Relations Committee, were adopted.

The Senator from Alabama [Mr. SPARKMAN] and also the Senator from Florida [Mr. HOLLAND], to whom I am very grateful for their help in connection with this matter, have helped my colleague [Mr. KEATING] and me to arrive at a method by which the intention of the Senate may be carried out; and this amendment would accomplish precisely that.

Mr. KEATING. Mr. President, will my colleague yield?

Mr. JAVITS. I yield.

Mr. KEATING. I also express my deep gratitude to the Senator from Alabama and to the Senator from Florida for their cooperative attitude in this connection.

Whenever the New York World Fair is mentioned, any Member of this body or any Member of the other body has rather a traumatic experience. But everything was going smoothly until we came to this provision of the bill.

I believe the amendment has been carefully drafted, and I appreciate very much the courtesy of these Senators.

Mr. LAUSCHE. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. LAUSCHE. I point out that the committee report contains statements which conform with the views expressed by the Senator from New York [Mr. JAVITS]. In offering my amendment in the committee, I did not contemplate that it would have any effect on the New York Fair—which I opposed, but which the Senate has approved. All the legislation needed to put it into operation is in effect.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York [Mr. JAVITS].

The amendment was agreed to.

Mr. JAVITS. Mr. President, on behalf of myself and the Senator from Minnesota [Mr. HUMPHREY], I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 6, between lines 9 and 10, it is proposed to insert the following:

(e) In furnishing assistance under this title, consistently with and for the purposes of section 601(b)(4) of this Act, the Agency for International Development or any other departments and agencies designated by the President shall provide such assistance as may be determined by the President to be necessary from time to time in order to make effective the efforts of the Commerce Committee for the Alliance for Progress, established under the Department of Commerce.

Mr. JAVITS. Mr. President, this is the so-called private enterprise amendment. It would enable a group of businessmen, who have been organized by Secretary Hodges to aid the Alliance for Progress program, to obtain some help from the Government, in the way of services, and so forth, and perhaps money, if that is possible, for whatever may be their proper expenses, if the President thinks that is advisable.

It seems to be generally agreed that without full and effective private enterprise participation, the Alliance for Progress would have much less chance of success.

My thought is to tie in private enterprise as effectively as possible. Businessmen place great store by the fact that Government agencies recognize their efforts to have action taken. Therefore, we want the President to indicate what he would like to have facilitated.

Those operating the Alliance for Progress are J. Peter Grace and J. Wilner Sundelson, both very distinguished men. I think the amendment would have a very helpful effect. This effort would be completely in the discretion of the President.

Mr. HICKENLOOPER. Mr. President, will the Senator from New York yield.

Mr. JAVITS. I yield.

Mr. HICKENLOOPER. I had intended to make this statement after the third reading of the bill, but this may be an appropriate time to make it.

I am not familiar with the Senator's amendment, although he has indicated that it may be along the right line, and could be very helpful.

But I wish to state to the Senate that today foreign aid is on trial in a way in which it has never been before; and the Alliance for Progress is on dead center. It is not moving, and it has not moved; and it will be a colossal failure without some realistic management and some realistic cooperation between our State Department and the Latin American countries and those who are charged with the responsibility of getting the Alliance for Progress to move. The program will fail unless those in the program act realistically, and unless we cooperate with them and help them.

I repeat that, in my judgment, today the Alliance for Progress is on dead center. I supported it; I think it is good in principle; and I shall continue to support it, at least for a time in the future, unless it evidently becomes hopeless—which I trust will not be the case.

But something must be done. We must get this program going—and not on the basis of Government financial bounty alone.

The self-help program that was originally contemplated in the Alliance of Progress program must be implemented, and it can be implemented only by the countries affected.

We must not proceed on the idea that an American checkbook in and of itself will create progress in those countries. If they expect us merely to contribute the money and then they will develop the land, the program will not succeed; but if they realistically approach this problem, American loans and assistance can be of great benefit, and should be.

The Senator's amendment sounds to me as though it would go one step along the line of private development and be a private enterprise stimulus. I think it is a very good amendment.

Mr. JAVITS. Mr. President, I yield back my time.

Mr. President, I ask unanimous consent that there may be joined as an additional sponsor of the amendment my colleague from New York [Mr. KEATING].

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. I yield to my colleague.

Mr. KEATING. Mr. President, there is a glaring lack in the section of this bill that deals with the Alliance for Progress. It is an omission of great significance. I refer to the fact that there is no mention whatsoever of the role that private enterprise should and in fact must play if the Alliance for Progress is going to get anywhere at all. Last August it was optimistically promised that private U.S. capital would be invested in Latin America at an annual rate of close to $300 million over the next decade. This estimate turned out to be wildly overoptimistic. In 1960 the flow of U.S. capital south was only about $90 million. In 1961 it was only $190 million. These figures are well below the $300 million which was promised and indeed was the annual average during most of the previous administration.

What was apparently forgotten in the prognostications of last August was that private investment in the area depends very much on the extent to which this investment is encouraged by conditions in Latin America and by the policies of the American Government.

The Alliance for Progress has been very slow in utilizing the tremendous skill and experience of American businesses which have operated in Latin America for decades. At the first Punta del Este Conference, it appeared to some that the role of private enterprise and foreign investment was being deliberately downgraded. If this is the case, the consequences could be disastrous, for without at least $20 billion of foreign financing over the next decade, Latin American development will be crippled. Our Government aid program may amount to just over $1 billion a year, but if it is not accompanied by high rate private activity, up to the hoped-for $300 million a year, then these plans will be seriously handicapped.

The provision which the Foreign Relations Committee inserted in the bill to cut off aid after expropriations in which compensation is not properly provided, will go part of the way to counteract this trend. This has been improved on the floor by the Hickenlooper amendment.

Unless it is administered with determination and conviction, however, the provision will not be as effective as it could be.

Mr. President, it is very interesting, in attempting to evaluate the efforts of the Alliance for Progress thus far, to look

also at the funding of the Inter-American Development Bank, and, above all, at the Bank's Social Progress Trust Fund. The Social Progress Trust Fund, established several years ago, has many of the same conditions as the Alliance for Progress, but the Fund administers its efforts in strict accordance with these provisions. Where self-help is not forthcoming, where the government does not give real proof of moving ahead, the Fund has not gone ahead and committed money anyway, as has the Alliance for Progress. For this reason, the Fund has been slower in committing money, still slower in disbursing it, but will, in all probability, have more constructive accomplishments to point to in the long run. It is also significant that 55 percent of the Bank's expenditures have been directly or indirectly channeled to private enterprise projects. So far I have seen no figures as to the extent to which Alliance for Progress funds are being used to encourage private enterprise. It would be helpful over the long run for the Alliance for Progress to set some percentage objectives to insure adequate attention to the needs of private enterprise. Fifty percent would undoubtedly be too high at this point, but ultimately we should hope to stimulate the private sectors of these nations to such an extent that the Alliance for Progress will be able to work directly with responsible and private interests as well as the governments of these nations.

The amendment of my colleague, the senior Senator from New York, will be very useful in giving recognition to the important role that private enterprise must play if the Alliance for Progress is to meet its objectives.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York [Mr. JAVITS] for himself and other Senators.

The amendment was agreed to.

Mr. JAVITS. Mr. President, I send to the desk, on behalf of myself and my colleague from New York [Mr. KEATING], another amendment, and ask to have it stated.

The PRESIDING OFFICER. The amendment offered by the senior Senator from New York [Mr. JAVITS] for himself and the junior Senator from New York [Mr. KEATING] will be stated.

The LEGISLATIVE CLERK. It is proposed on page 3, before the period at the end of line 6, to insert a comma and the following: "and after the word 'guaranty' insert the following: 'in the case of a loan shall exceed $25,000,000 and no other such guaranty'."

Mr. JAVITS. Mr. President, the amendment involves a question of increasing the ceiling for guarantees which are called all-risk guarantees which may be given under the discretion of the President under section 221(b). The ceiling now is $10 million. The contention made by interests in New York which are contemplating a development in Chile—which this amendment may or may not affect—is that the ceiling, in any case, is too low. The new ceiling would be increased to $25 million for loans, as distinguished from equity investments, in order to open the door to such developments, which is in the interest of our country.

I offer this amendment with my colleague after discussing it with various members of the Foreign Relations Committee.

Mr. SPARKMAN. Mr. President, I have discussed the amendment with the Senator from New York. It was brought up in the Foreign Relations Committee. The committee voted against it. It did so on the ground that the total guarantee program at the present time is $180 million, and that, by increasing the limit from $10 million to $25 million, we would have cut down the number of loans that could be guaranteed.

However, it is my understanding there may be only one or two cases to which this provision might apply, and I would like to say this word of caution: In agreeing to this amendment, it is our hope that the agency will use a great deal of discretion and care in granting guarantees to the limit authorized, and that they may be held down, in order that a greater number of guarantees may be covered.

I offer that suggestion as what I hope may be some guidance for the aid agency.

I am willing to take the amendment to conference.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. KEATING. I commend my colleague for his initiative in both amendments, and I hope this amendment will be adopted.

Mr. JAVITS. I thank my colleague.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the senior Senator from New York [Mr. JAVITS] for himself and the junior Senator from New York [Mr. KEATING].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. HUMPHREY. Mr. President, I ask that the amendment which I have at the desk be called up.

The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 10, after line 14, to insert:

(e) Amend section 620(c) to read as follows:

"No assistance shall be provided under this Act to the government of any country which is indebted to any United States citizen for goods or services furnished or ordered where (i) such citizen has exhausted available legal remedies, which shall include arbitration, or (ii) the debt is not denied or contested by such government, or (iii) such indebtedness arises under an unconditional guaranty of payment given by such government, or any predecessor government, directly or indirectly through any controlled entity, provided, the President does not find such action contrary to the national security."

Mr. HUMPHREY. Mr. President, I have discussed this amendment with the acting chairman of the Foreign Relations Committee, with the minority leader, and with other Senators. The purpose of the amendment is to make sure of the work we did a year ago in order to plug what I thought was a loophole in the act, namely, that when a government refused to pay its obligations, we could take some action. This provision will now be extended to the wholly controlled entities of governments, because the governments of some countries have evaded the effectiveness of last year's action by setting up wholly controlled entities, such as the World Bank, and they do not fulfill their obligations to U.S. concerns which accept orders for goods and services.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. DIRKSEN. I concur in the amendment. The amendment incorporated at my request last year was partially successful, but attempts to evade have been made. We have had some experience with governments which say, "This has been ordered. It has been contracted by a bank or institution which is government controlled," and yet they deny their responsibility. This amendment is to close that loophole.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. HICKENLOOPER. I have not seen the Senator's amendment. I am generally familiar with the purpose of it, and I saw amendments which were proposed along this line.

Does the amendment require that the individual exhaust remedies within the country?

Mr. HUMPHREY. Yes; all legal remedies.

Mr. HICKENLOOPER. I have not completed my question. Does an individual have to exhaust remedies within the country, or does that provision apply if there is not a dispute? Do all these things have to be done, or is the amendment in the alternative?

Mr. HUMPHREY. It is in the alternative, and it is so stated in the amendment.

Mr. HICKENLOOPER. If it is an uncontested or admitted claim, then that provision does not apply?

Mr. HUMPHREY. That is correct.

Mr. HICKENLOOPER. If the claim is contested or not admitted, then the individual must exhaust all legal remedies under established law. Is that correct?

Mr. HUMPHREY. The Senator is correct in his interpretation.

Mr. President, I yield back the remainder of my time.

Mr. SPARKMAN. Mr. President, there is a provision in the act, and there is language in the bill that has been reported by the House committee, which are not the same as this language, so there will be plenty of leeway in conference to arrive at the best possible solution. As I have said to the Senator from Minnesota, I shall be glad to accept the amendment and take it to conference.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. SPARKMAN. Yes.

Mr. HUMPHREY. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota [Mr. HUMPHREY].

The amendment was agreed to.

Mr. SPARKMAN. Mr. President, I ask for the third reading of the bill.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 2996) was ordered to be engrossed for a third reading, and was read the third time.

Mr. HICKENLOOPER. Mr. President, I wanted to wait until after the third reading of the bill to make a statement. I had intended to submit a proposed amendment to cut $400 million from the authorization in this bill. However, in view of the fact that it is an authorization bill, there are certain technical difficulties arising in such an across-the-board-cut proposal as that, and it is deemed more proper—at least, I deem it so, and some of my advisers do—to wait until we see what the appropriation, based upon this authorization bill, may be, and then, if it is deemed advisable to attempt an amendment along that line, to offer it to the appropriation bill, rather than to the authorization bill.

A substantial cut of $200-some million was made in this authorization within the committee. I think further cuts are necessary in the appropriation, but an examination indicates there are some technical difficulties in connection with offering such an amendment to an authorization bill which would not apply to the appropriation bill. Therefore, I reserve offering the amendment at the present time.

Mr. HOLLAND. Mr. President, will the Senator yield for a question?

Mr. HICKENLOOPER. I yield.

Mr. HOLLAND. How much of a cut, in the Senator's opinion, will be required because of the adoption by the Senate, by a very large vote yesterday, of the amendment offered by the distinguished Senator from Ohio [Mr. LAUSCHE]?

Mr. HICKENLOOPER. I am not prepared to give the Senator an estimate, because I am not informed.

Mr. HOLLAND. Mr. President, will the Senator yield for another question?

Mr. HICKENLOOPER. I yield.

Mr. HOLLAND. It will be necessary, however, to effectuate cuts in order to make effective the provision offered by the Senator from Ohio.

Mr. HICKENLOOPER. Yes.

Mr. HOLLAND. Which was adopted by the Senate yesterday.

Mr. HICKENLOOPER. I think those would be indicated, and perfectly justifiable. Part of the reason why the difficulty arises now is that we cannot tell exactly what effect the amendments will have. We can apply the cut to the appropriation bill, or we may be able to make the adjustment in conference.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. CARLSON. I had hoped to support the Senator from Iowa with respect to an amendment he and I discussed to reduce the authorization in the bill by $400 million, or by some certain other figure to be determined. I think the amount in the bill is too high. However, in view of the statement made, I shall not press any amendment along that line. I shall expect to vote for some reduction when the appropriation bill comes before the Senate.

Mr. SPARKMAN. Mr. President, I think some may be under the impression that the authorization in the bill is much larger than it really is.

First, I wish to restate what the Senator from Iowa said. In the committee we cut the bill by $216½ million, which was about a 10 percent cut. The bill, as it is before the Senate at this point, carries a figure of $1,908,900,000. That does not include the military assistance, because the military assistance was provided last year. In our last year's bill we authorized $1.7 billion a year. The bill provided that if the administration wished more it would be necessary to come to the Congress; if the administration did not wish more than that figure, it would not be necessary to return. This year the administration is actually asking for less, or only $1.5 billion.

In the bill as it is before the Senate at this point there are the following items, which I think will be of interest to Senators:

Development grants, $300 million.

Investment surveys, $5 million.

International organizations—including the United Nations and all the various organizations in which we participate—$148.9 million.

Supporting assistance—that is, economic aid to countries like Formosa, Korea, Pakistan and Turkey, where we have to support the economies in order to make it possible for those countries to support the military—$400 million.

The contingency fund—which goes to the President, which he can use for any emergency which may arise—$300 million.

That makes a total of $1,253,900,000 for the grant program.

Under the loans, there is $600 million for the Alliance for Progress.

Adding administrative expenses of $55 million, the resulting total is $1,908,900,000.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. ELLENDER. What was the $1.9 billion-plus figure mentioned by the Senator?

Mr. SPARKMAN. That is the total amount on the economic side for fiscal year 1963. The bill shows more than that, because there are provided 3 extra years of authority for the Alliance for Progress.

For fiscal year 1963 the total amount is $1,908,900,000.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. LAUSCHE. Mr. President, I contemplate voting for the measure as it now stands. Obviously, it does not meet with my complete satisfaction. I think the amounts justifiably should be cut when the appropriation bill comes before the Senate.

With respect to the granting of aid to Communist countries, the presently proposed language is a great improvement over the language contained in the existing law. No military aid can be granted under the new language. Only assistance under Public Law 480 may be provided, and that assistance will be substantially restricted by the conditions which the President must find to be in existence before he can grant the aid.

I make this statement because I believe we cannot "go it alone." We have commitments around the world, such as those with Pakistan, Formosa, and Korea, which make it indispensible that we work with other countries. For that reason, although the bill does not meet with my complete approval, I shall vote for it.

Several Senators addressed the Chair.

Mr. SPARKMAN. Mr. President, I yield to the majority leader.

Mr. MANSFIELD. Mr. President, the Senator from Iowa [Mr. MILLER] intended to offer an amendment before the third reading of the bill, but because of unforeseen circumstances the third reading was had before the Senator could bring his amendment before the Senate for consideration.

After consultation with the minority leader and the Senator in charge of consideration of the bill, I wish to propound an unusual unanimous-consent request, which is not to be considered as a precedent.

I ask unanimous consent that the order for the third reading of the bill may be rescinded and that the Senator from Iowa may be allotted 2 minutes to present his amendment and discuss it.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

The Senator from Iowa is recognized.

Mr. MILLER. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. It is proposed to strike the period in line 17, page 5, and to insert in lieu thereof the following: "and the efforts made by a recipient nation to repatriate capital invested in other countries by its citizens."

Mr. MILLER. Mr. President, first I thank the distinguished majority leader and the Senator in charge of the bill for their graciousness.

I believe the amendment would strengthen the hands of the President in connection with the Alliance for Progress program.

On page 5 of the bill, starting with line 12, it is provided that in making loans under the title, title VI, "the President shall take into account" various considerations, and also "whether financing could be obtained in whole or in part from other free world sources on reasonable terms."

I invite the attention of Senators to a recent article published in the Chicago Daily News, written by Gerry Robichaud

for the Chicago Daily News Service, entitled "Flight Of Native Latin Capital Threatens U.S. Alliance Plan." The article points out that many economists estimate there is now as much as $6 billion in Latin-American capital abroad in many of the foreign nations, in Swiss banks and all over the world.

My amendment would provide that, in addition to the various considerations stated as to making the loans, the President shall take into account also the efforts made by a recipient nation to repatriate capital invested in other countries by its citizens.

It seems to me, Mr. President, if this is to be a self-help measure, we should make sure that the people in those countries who will receive the benefits of millions of dollars of our own taxpayers' money should see to it that their own citizens do not take their capital all over the world, but instead keep it at home.

I believe the amendment will strengthen the hand of the President in the implementing of the Alliance for Progress program on a self-help basis.

Mr. SPARKMAN. Mr. President, I am willing to accept the amendment and to take it to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Iowa.

The amendment was agreed to.

Mr. MILLER. Mr. President, I ask unanimous consent that the article to which I referred may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FLIGHT OF NATIVE LATIN CAPITAL THREATENS U.S. ALLIANCE PLAN

(By Gerry Robichaud)

MEXICO CITY, May 4.—The massive flight of native capital abroad and the reluctance of private American investors to put money into Latin American enterprises do not augur well for the Alliance for Progress.

By far the more damaging of the two is the flight of Latin American capital to the United States and Europe, where it is placed on deposit in banks or invested in stocks and bonds.

No one knows precisely how much money wealthy Latin Americans are sending abroad, but in terms of the widespread poverty that exists in their part of the world even the most conservative estimates are staggering.

Many economists estimate that there is now a minimum of $6 billion in Latin American capital abroad. Daniel Oduber, who has been designated Minister of Economics in the new Costa Rican Government that will take over on May 8, feels that the figure is closer to $10 billion.

Even at the lowest estimate it amounts to nearly a third of the total spending of $20 billion contemplated under the Alliance for Progress.

It doesn't take an economist to recognize how much good this capital could accomplish if it were brought back to the country of origin and invested.

If Latin Americans with money have so little faith in their own countries as to send much of their wealth abroad, how can they reasonably expect U.S. investors to take the risks that they themselves refuse to take.

Ever since the Communist Cuban regime began confiscating U.S. properties, the rate of new U.S. and other foreign investments in Latin America has been falling off significantly.

In 1960, new U.S. private investment in Latin America fell to $95 million in contrast to an average of $300 million a year in the previous decade. Revised figures for 1961 put new U.S. investment at $190 million.

This is considerably lower than the $300 million-a-year goal of the Alliance, which also contemplates new private investments from Europe and Japan of about $150 million annually.

If these goals are not met, the Alliance itself will fall short of its own overall objectives, for new private investment from the United States and other foreign sources represents slightly over 22 percent of total alliance spending.

Yet, as badly as they need new foreign investment, very few Latin American countries have done much to make such investment attractive. Recent expropriations in Brazil and nationalistic financial regulations adopted by other countries have tended to frighten off potential new investors.

Only Peru, Colombia, and Argentina—during the regime of ousted President Arturo Frondizi—have been successful in attracting a significant amount of new investment from private U.S. and European sources. They have offered tax, customs, and related concessions.

U.S. Secretary of Commerce Luther H. Hodges recently created an American Business Council to help stimulate the interest of U.S. investors in the Alliance program.

But in the final analysis it is only the Latin American countries themselves who can create the climate that will appeal to U.S. investors.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 2996) was ordered to be engrossed for a third reading, and was read the third time.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Idaho.

Mr. DWORSHAK. Mr. President, I was one of the Senators who made a trip to South America last fall. Our distinguished majority leader was a member of the group. We were all strongly sympathetic to the Alliance for Progress program. We recognized that the Senate reflected real wisdom in providing there should be some reciprocity, in the way of a self-help provision, before our billions of dollars could accomplish any worthwhile objectives.

I wonder whether, when we project in the bill a commitment to provide funds for the Alliance for Progress program for several years, we create an erroneous impression that notwithstanding the failure of the beneficiary countries to cooperate in improving their own economic status we will continue to blindly and indefinitely provide dollars, which will prove futile and ineffectual unless there is the necessary cooperation from the Latin American countries. What assurance can the Senator from Alabama give us?

Mr. SPARKMAN. The basic act passed last year which set up the Alliance for Progress program contained a provision that I myself offered in the committee as an amendment that the aid would be conditioned upon the Bogotá Agreement and the declaration of the Punta del Este Conference. That provision would require the countries involved to make the necessary reforms.

We hear a great deal of complaint about the slowness of the program. The program is slow because we are insisting that the countries do what they promised to do. I believe that is what we want.

The bill is not a new act; it is an amendment to an existing act. The basic act has that provision in it.

Mr. DWORSHAK. Mr. President, will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. DWORSHAK. On the trip last year we visited Mexico. I have had a sympathetic understanding of the problems of the Mexican Government. I think it is very essential that we encourage and develop a strong ally to the south of us. We want a strong neighbor and a strong ally. But I was disturbed to read today in the Washington Post an Associated Press article indicating that—

The Mexican Ambassador to the Organization of American States (OAS) assailed the United States yesterday with a charge that Americans are guided by a "western movie mentality."

The article further states that—

Ambassador Vicente Sanchez Gavito told the OAS Council the attitude of the United States reflected a belief "that what they do is right because they are the ones who do it." He said this is a "western movie mentality" in which everything good is done by "blonde types" and everything bad by foreigners.

What does the very influential Committee on Foreign Relations intend to do in order to see that the climate in Mexico is favorable to the success of the Alliance for Progress program? If there is hostility and an attitude of complete failure to cooperate with us, how can that very vital program succeed?

Mr. SPARKMAN. Of course, neither the committee nor any individual can possibly answer the expressed opinion of every individual. I think that relations between the United States and Mexico are good.

Mr. DWORSHAK. The Mexican Ambassador is quoted.

Mr. SPARKMAN. I realize that. We have recently concluded an interparliamentary meeting between the two countries. I believe it was one of the best conferences that I ever attended and participated in. I believe that the relations between the two countries are very good, and we want to keep them good.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MANSFIELD. I think we ought to understand the story in the context of its full development. We should read the speech in full, which unfortunately I have not, nor have I seen a copy in evidence, which one should have before making a final judgment. Personally I believe that of all the countries in Latin America, probably the best place for the Alliance for Progress to succeed is Mexico. Perhaps once in a while someone speaks out and becomes emotionally involved. He may speak a little strongly. It happens in the Senate Chamber on occasion. But the basic fundamental concept to keep in mind is that there is a firm foundation between Mexico and

this country, and there is developing a solid understanding as a result of the Interparliamentary meetings, headed on the U.S. side by the distinguished Senator from Alabama [Mr. SPARKMAN] and on the Mexican side by Senator Manuel Marino Sanchez, and the majority leader of the Chamber of Deputies.

The Senator from Idaho is correct in his reference to our trip to Latin America last year. I am quite sure that we, like the rest of the committee under the chairmanship of the distinguished Senator from Arkansas [Mr. MCCLELLAN], were impressed with what Mexico had to offer. We were also impressed by the friendliness of the Mexican people and the officials. I believe that the reference may be a tempest in a tea pot, and I am sure that a satisfactory explanation can be made of the whole story referred to by my distinguished friend, the Senator from Idaho.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Louisiana.

Mr. ELLENDER. Pursuing the question raised by my friend, the Senator from Idaho, are we to understand that all the guidelines that were provided last year in the bill setting up the Alliance for Progress in South America have not been changed or modified in the pending bill?

Mr. SPARKMAN. Not at all.

Mr. ELLENDER. Those provisions remain as they are contained in the present law?

Mr. SPARKMAN. The Senator is correct.

Mr. KERR. Mr. President, the distinguished chairman of the Committee on Public Works, the Senator from New Mexico [Mr. CHAVEZ], wanted to read a statement into the RECORD with reference to the Inter-American Highway in Central America. However, due to the limitation of time, he was not able to do so. He said that I make a unanimous-consent request that after the transaction of other business by the Senate, and before adjournment, the clerk be directed to read his statement into the RECORD.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oklahoma? The Chair hears none, and it is so ordered.

PEACE BETWEEN SYRIA AND ISRAEL

Mr. DIRKSEN. Mr. President, I have received a resolution properly passed on May 2, 1962, by the Congregation Temple Israel of Springfield, Ill., which resolution calls upon the President of the United States, Secretary of State, our representatives in the Congress of the United States, also, to our Ambassador and his associates in the United Nations, to use their good offices to see that both sides—Syria and Israel—sit down and discuss peace, as more fully stated in the resolution.

Mr. President, I ask that this resolution be printed at the conclusions of my remarks in the RECORD so that the Members of Congress and others may have an opportunity to know the full content of said resolution and its import.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

In view of the above Congregation Temple Israel of Springfield, Ill., passed the following resolution at our regular meeting of May 2, 1962, which reads, as follows:

"*Be it resolved,* That the board of Temple Israel go on record in sending a resolution to the President of the United States, our representatives in the Congress of the United States, also to our Ambassador and his associates in the United Nations; and, be it further

"*Resolved,* That they use their good offices, personalities and powerful strength and weight of the United States to see that these Arab provocations cease immediately; be it further

"*Resolved,* That they see that no favoritism is shown any private company or country for any pecuniary or financial aggrandizement or political advancement but rather from truth and sincerity in all its deliberations for complete eliminations of all tensions that exist so that they all may live together in real peace and harmony for each of their own welfare and human dignity and in so doing, forever eliminate war and replace war with peace on earth and good will toward men; be it further

"*Resolved,* That, if the United Nations finds it necessary to censure, that they do so with the full knowledge who is in real error and be solely guided on those findings alone; and finally, be it

"*Resolved,* That we call upon the President of the United States, the Secretary of State, our Representatives in the Congress of the United States, and also to our Ambassador and his associates in the United Nations to use their good offices to see that both sides sit down and discuss peace (Israel has indicated her willingness to do so). It is the hope and prayer of the board of Temple Israel and its entire membership that this resolution bear fruit by your efforts. We are sure God will bless you for it."

This resolution introduced and properly passed upon on May 2, 1962, by Temple Israel Board of Springfield, Ill.

Rabbi A. Aaron Segal; Robert Seidman, President; Daniel Rubin, Secretary; Leo D. Cohn, Vice President; Philip Wright, Treasurer; Harry Kaiserman, Vice President; Joseph Feuer, Hyman A. Feuer, Francis Dumas, Stanley Stern, William Egherman, Burt Chudacoff, Mrs. Harry Kaiserman, Dr. J. S. Kruger, Members of Board.

BESTOWAL OF HONORARY DEGREE OF DOCTOR OF DIVINITY ON ARCHBISHOP MAKARIOS

Mr. DIRKSEN. Mr. President, on June 3 His Beatitude the President of the Republic of Cyprus, Archbishop Makarios, delivered an address at Boston University on the occasion of the bestowal on him of the honorary degree of doctor of divinity. His address was a very impressive one, and I ask unanimous consent that it be printed in the RECORD at this point in my remarks.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY HIS BEATITUDE THE PRESIDENT OF THE REPUBLIC OF CYPRUS, ARCHBISHOP MAKARIOS, AT BOSTON UNIVERSITY ON THE OCCASION OF THE BESTOWAL ON HIM OF THE HONORARY DEGREE OF DOCTOR OF DIVINITY, JUNE 3, 1962

I wish to say, Mr. President, how deeply moved I am by this happy occasion of a closer link with Boston University and how grateful I feel for the honorary bestowal on me of the degree of doctor of divinity.

I am happy to renew old acquaintances and friendships and to rejoin distinguished and beloved members of the faculty.

At this moment I vividly recall the happy days I spent in this university when a student on scholarship from the Methodist Church. With warmth of feeling and gratitude I now think of the kind and gracious way in which I was then assisted in my studies. Little could I then expect that I would be bestowed the honor of this degree as Archbishop and President of the Republic of Cyprus, which, as reflecting also on my people, I gratefully accept.

Hardly 2 years have elapsed since my enrollment, when I was called to take the spiritual duties of bishop. Two years later I found myself confronted with much heavier duties and responsibilities, when the people of Cyprus elected me as archbishop and thus their spiritual and national leader.

Much has happened in my country since then. The people of Cyprus have entered into a hard struggle in order to put an end to the long period of foreign domination of their country. It was a struggle with many similarities with the liberation history of the United States and, I may say, that I was so deeply impressed during my stay in this country, with the devotion of the American people to the noble ideals of freedom, that this experience has been a source of encouragement in my endeavors for the liberation of my country.

Cyprus is now free. My spiritual duties are now coupled with those of the President of the newly born Republic. This combination of religious and political duties may appear to you strange. But I had felt that my duty was not to refuse services to the people of Cyprus during the first steps of their independent life so long as those services were needed.

My capacity as religious leader, however, cannot but affect my approach to political problems. In shaping the practical policy of my country, I draw from the moral principes of the Christian faith. In the present days of scientific development I would say it becomes necessary to bring the moral values of faith into every day politics. For technological advancement has suddenly opened an amazing chapter in human history. Man can circle the earth in a matter of minutes, and can also bring total destruction to it in as brief a time.

While such has been the astounding progress of man in the technological field, his moral standards and his approach to life remained static. He is still governed by a lingering concept of force and domination, of antagonism and war, at a time when new means of warfare can no longer produce anything but joint suicide and a global catastrophe.

The growing disparity between scientific progress and moral retardment has created a dangerous imbalance threatening the very foundations of life. Moral progress, therefore, becomes imperative for survival. The problem thus posed, which lies at the root of every world crisis today, is essentially a moral one. It is the problem of adjustment; the need for adaptation and moral adjustment to new conditions of life, brought about by the revolutionary achievements of science.

The call for moral change in man's approach to life is not new; vibrant in its prophetic warning it echoed through the corridors of time. What is new is the compulsion for change that comes with the threat of the hydrogen bomb.

The deliverance from death not only in terms of mind and soul, but also in terms of physical existence, is now at stake. The hour of reckoning as prophesied by John the Baptist appears realistically at hand. Humanity is now, as never before, faced with a formidable dilemma, from which there is no return and no escape. There is only one way out, that leading up to the brotherhood of man. It will either follow it or perish.

Scientific knowledge is thus bringing to a bewildered humanity and within the bounds of its conscious reasoning the light of truth, that in the past was in vain revealed to it through inspirational wisdom and faith. Science in our time is thus becoming an important adjunct to spiritual revelation, and a vigorous sustainer of enlightened faith an moral uplifting. We believe the challenge of science will ultimately bring a long delayed moral adjustment.

In the great human endeavor to that end, education has an important role to play. It should give increasing emphasis to its ethical side in an effort to bridge the perilous gap between scientific and moral standards. For, indeed, the purpose of education, as this university recognizes, is not merely to advance through accumulated knowledge the economic self-interest of the graduate but also, and more importantly, to develop his mind and character so that he may face the problems of life—whether in private or in public affairs—in the moral and positive spirit demanded by his time. We should, therefore, establish educational programs to impress the new generations with a sense of global responsibility commensurate with present day global perils. We should impart to them through knowledge a deeper understanding of the common destiny of one and undivided humanity, so realistically brought out by scientific progress.

The ideals at any given time, cannot and should not, be unrelated to the basic conditions of life at such time. The atomic age calls for new and more embracing ideals within the framework of peace. Dedicated men everywhere should set to work toward the realization of these ideals. And it should be an all-out effort, as time is running short.

Through the trials and tribulations that lie ahead of us, let us look hopefully to the dawning era of a new life, a life of love and brotherhood in the spirit of God and our Christian faith.

Thank you.

AMENDMENT OF THE FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 2996) to amend further the Foreign Assistance Act of 1961 as amended, and for other purposes.

Mr. HUMPHREY. Mr. President, I should like to call to the attention of the Senate, the Department of State, and to the Agency for International Development three observations.

I have stressed these points both in my work in the Committee on Foreign Relations and as chairman of the Subcommittee on Reorganization and International Organizations, of the Committee on Government Operations.

AID: DOMESTIC AGENCY RELATIONSHIP

First. The first point is that AID must continue its efforts to work out a more meaningful partnership with the domestic agencies which have technical competence in fields such as agriculture, education, health, housing, labor, and so forth.

I am pleased that the Senate Committee on Foreign Relations has emphasized this particular point in its report.

MARSHALING PRIVATE RESOURCES

Second. My second point is that AID must continue in its efforts to marshal and stimulate the resources of this Nation—public and private—on behalf of oversea assistance. That means serving as a further catalyst for the vast variety of nongovernmental resources—foundations, universities, trade unions, farm organizations, private business, corporations, religious and other groups, and so forth.

CLEARINGHOUSES OF INFORMATION

Third. My third point is that AID must move ahead in its efforts to establish a system of clearinghouses of information, so that every aid-rendering source can coordinate its efforts with other donor sources.

Each of these points was made in a 53-page mimeographed report, which I provided to Government agencies on April 24, 1962. I subsequently discussed part of this report in the Senate on May 10, 1962.

The reactions to the report have been exceedingly favorable. I should like to quote from but one of many such reactions.

It comes from an expert with long experience of high-level service under several American Presidents in international development assistance programs.

I refer to Mr. Eric Johnston, former president of the U.S. Chamber of Commerce and now president of the Motion Picture Association of America.

I do not believe that Mr. Johnston will mind if I quote from a letter which he kindly wrote to me, containing personal reactions to the report, particularly on the issue of establishing international clearinghouses of information and assistance. Mr. Johnston graciously wrote:

In my judgment, the report is one of the most impressive documents in the foreign aid field that I've come across in a long time. It's a comprehensive and stimulating analysis. And it certainly points up the kind of painstaking job you are doing. I congratulate you.

I like especially the emphasis on information networks outlined in your action program. I think you've highlighted a real weakness. And it's an area where all of us—inside and outside of government—can help.

For too long now, we have tended to dismiss that area as the concern of someone else. Actually, we have a real obligation to do the kind of information job on foreign assistance that you describe so well. I'm sure that the motion picture as well as the other media could contribute much to such an information effort.

Again, my congratulations on your report. I want you to know that I stand ready to help wherever possible.

AID AND DOMESTIC AGENCIES

Now, on the issue of AID-domestic agencies relationships, the Senate Committee on Foreign Relations states the following in its report—pages 17 and 18.

Under the title "Technical Assistance," it discusses the amendment which I had sponsored to last year's laws in this way:

In providing technical assistance under the act, the executive branch is required by section 621(a) to utilize, to the fullest extent practicable, the facilities and resources of the Federal agency or agencies with primary responsibilities for domestic programs in such fields.

To date, no new memorandums of agreement have been writeen between AID and the domestic agencies, nor are any new memorandums close to completion. The committee urges AID to seek closer relationships and greater cooperation with the domestic agencies. They are strongly qualified to help recruit skilled personnel for oversea assignments, to provide support and guidance to oversea missions, to train foreign nationals in the United States, and otherwise to help AID in such areas as education, health, labor, agriculture, and housing.

Permit me to emphasize, as the committee did, that no new memorandums of agreement have been written between AID and the domestic agencies.

That does not mean that progress has not occurred; on the contrary, it has occurred. But a great deal remains to be done.

At this point, I ask unanimous consent that there be printed in the RECORD excerpts from a letter of May 22, 1962, which Mr. Fowler Hamilton, AID Administrator helpfully provided.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT,

Washington, May 23, 1962.

The Honorable HUBERT H. HUMPHREY,
U.S. Senate,
Washington, D.C.

DEAR HUBERT: Thank you very much for your notes to Secretary Rusk and me and for the copies of your subcommittee report on "Agency Coordination Study." The problems covered in your study are very much in our minds, and we are appreciative of your suggestions. We will study them carefully and will undoubtedly be in touch with you again.

We had started a study of one problem covered by the report: interagency relationships covered by section 621(a) of the Foreign Assistance Act of 1961. We will be in a position to respond fully to the suggestions in your report on interagency coordination when that study is further along, which will be in a few weeks. Since there was no full discussion during the Senate Foreign Relations Committee hearings on the implementation of section 621(a), I would like to take this opportunity to bring you up to date on this subject.

While some measures have been taken we have not yet had time to effect a satisfactory improvement in AID's working relationships with other agencies of the Government. When I took office on October 3, 1961, the overriding priorities were the following: (1) to carry out a very far reaching reorganization of the entire U.S. aid structure; (2) to fill key positions in the new organization; (3) to reorient the substantive programs so that they would reflect the new directions and emphasis embodied in the Foreign Assistance Act of 1961; (4) to carry out the foregoing reorganization, restaffing, and program reorientation with a minimum adverse effect on critical ongoing programs.

The performance of these priority tasks, which are by no means as yet completed, has been difficult and time consuming.

Until reorganization and restaffing of this agency were well along, it was not possible to attempt any basic restructuring in the relationships between it and other agencies. Effective participation of other agencies in the foreign aid programs depends first of all upon an effective and well-established organization in AID with which these agencies can work. These transitional difficulties are in process of being removed.

* * * * *

The enclosed memorandum and attachment outline our efforts to date in obtaining multiagency participation in the foreign assistance program and indicate the lines along which we have attempted to move in this area.

Sincerely yours,

FOWLER HAMILTON.

STATEMENT ON SECTION 621(a)

Interagency coordination in the foreign assistance program

Although there is substantial potential for improvement, there is today a large and effective utilization of many of the resources and facilities of other Federal agencies and of the private community in the foreign-aid program. Attached is a résumé which helps to illustrate the variety of ways in which these agencies are now contributing to our aid efforts. Certain facts should be noted: Two-thirds of all the participants who came to the United States for training during fiscal year 1960 were programed and handled by a participating agency. More than 500 of the technicians who were located in AID missions on last June 30 were employees of other Federal agencies. In several fields, such as civil aviation and census, virtually all the technicians are employees of one of the participating agencies. More than 25 percent of the total Washington manpower devoted to the foreign-aid program in fiscal year 1961 represented manpower located in, and employed by, the various participating agencies. Over $50 million of aid funds are annually channeled through other agencies for expenditure by them in addition to those funds which are made available to the Department of Agriculture and the General Services Administration for purposes of procurement. In many cases, AID has contracted the entire technical direction of projects to other agencies.

Recent efforts to expand interagency coordination

In early January, after a considerable search for the right individual, Mr. Phillip Glick was engaged as a consultant to examine the relationships between AID and other Federal agencies and to make recommendations for their improvement. Mr. Glick, who is intimately familiar with foreign-aid operations, appeared to be the ideal choice for this assignment. Unfortunately, after devoting several months to this work, and for reasons wholly beyond his or AID's control, Mr. Glick found it necessary to withdraw without the opportunity to prepare a study or report. As a result, the evaluation process is 3 months behind the point where we had anticipated it would be by April 1.

In an effort to make up for the time lost and to prevent a further loss of time, it was decided to forego temporarily a long-term study in depth by an outside expert and endeavor to make as much progress as possible through an intensive, 2 months' examination of the problem by Agency personnel. Mr. John Ohly, who has been associated with the foreign aid program for more than 10 years, was appointed to undertake this task in cooperation with personnel in both AID and the major Federal agencies. He is devoting full time to this work.

There seems no other way to approach this problem. AID now works with more than a score of independent departments and agencies. In some of these agencies it deals with over a half dozen separate bureaus or divisions, each with its own peculiar problems and each cooperating with AID in a manner which reflects its own unique resources and capabilities. The complexity of the resulting relationships can be partially understood by referring to the attached listing, itself incomplete, of the agencies and the subdivisions of agencies, with which AID now is associated. No single formula or combination of formulas can satisfactorily be applied across the board to all of these agencies. There must be a detailed and painstaking examination of the resources and capabilities of each organization and of the methods by which these can be most effectively joined with those of AID in producing effective operating programs. This examination is now in process.

While the foregoing study proceeds, certain helpful interim measures may be possible. The major participating agencies are being requested to designate a senior individual to be physically located with his technical counterpart in AID. Such an arrangement might overcome certain existing communication difficulties, provide the representative with a place where he could effectively join in the stream of AID activities, facilitate participation in programing, and establish a basis for the development of a broader partnership or team approach in the future. Technical committees have already been constituted to serve as focal points for the informal coordination of activities in each technical field. These committees are chaired by the appropriate technical division chiefs in the Office of Educational and Social Development, and it is anticipated that the representatives of the other agencies will participate fully in the activities of these central coordinating committees.

THE PAST USE OF PARTICIPATING AGENCIES

AID's predecessor agencies made extensive use of the established departments of the Federal Government in planning and carrying out foreign assistance programs both in oversea operations and in domestic supporting and servicing activities.

Policies governing the use of participating agencies to perform foreign assistance activities have varied from extensive delegation, under the TCA program (in which participating agencies developed programs and negotiated independently with foreign governments) to relatively tight control. In most ICA programs, the Agency turned to the participating agencies principally for those specialized technical services in which they were uniquely competent.

Several agreements between most major participating agencies and the AID Agency were negotiated and signed. These established the overall framework of relationships with particular reference to the anticipated methods of reimbursement, coordination, control, and liaison. Within the framework of the general agreements, service agreements have been negotiated on an ad hoc basis. These agreements describe specific services to be rendered in return for a specific rate of reimbursement. They resemble a contract in scope and breadth. There are probably over 50 in effect now, and several more are presently being negotiated.

In fiscal year 1961, participating agencies furnished more than 25 percent of the total Washington manpower devoted to the foreign aid program. More than 20 Federal departments and agencies were used.

In fiscal year 1961, the Department of Agriculture alone supplied more than 150 man-years to the programing of ICA agricultural participants. For this service, ICA paid agriculture more than $1½ million—a sum representing more than 80 percent of ICA's total expenditure for the programing of participants in the field of agriculture.

In fiscal year 1960, of 6,789 participants programed for training in the United States, 4,027 were programed for participating agencies.

The following tables present further statistics:

TABLE I.—*Participating agency employees detailed overseas by ICA*

Following are listed, by agency, the number of participating agency employees employed on ICA's oversea rolls. These figures are based on the June 30, 1961, personnel strength report. They do not reflect 28 short-term (3 to 6 months) consultants from the various agencies.

FAA	127
Bureau of Public Roads	107
Bureau of the Census	20
U.S. Coast and Geodetic	13
Bureau of Reclamation	38
Bureau of Mines	12
U.S. Geological Survey	65
Department of State	14
Agricultural Research Service	13
Department of Commerce	8
Public Health (DHEW)	109
Total	526

TABLE II.—*Reimbursement to participating agencies for Washington support of ICA programs*[1] *(fiscal year 1961 budget estimates)*

Department of Agriculture	1,747,574
Department of Commerce	444,104
Farm Credit Administration	45,000
Federal Aviation Agency	591,000
Federal Communications Commission	69,100
Department of Health, Education, and Welfare	1,052,141
Housing and Home Finance Agency	222,400
Department of the Interior	382,978
Department of Labor	1,112,700
Total	5,666,997

[1] The amounts listed above are not the total moneys paid to each participating agency by AID. Precise worldwide totals are not now available.

The amounts given represent Washington funded expenditures for technical consultation and support, participant training, administrative overhead, and field backstopping. They do not include the cost of employees assigned overseas on reimbursable details.

It is difficult to estimate the total amount of money paid yearly by AID to participating agencies. Each mission budgets its own projects—such as FAA airfields, Army Corps of Engineers roads, Bureau of Reclamation projects, and so forth. A rough guess as to the worldwide total annual expenditure (exclusive of commodity procurement through the Department of Agriculture or the General Services Administration) by AID through participating agencies would place the amount anticipated for fiscal year 1962 in the neighborhood of $50 million.

MARSHALING PRIVATE RESOURCES

Mr. HUMPHREY. Mr. President, the second point which I wish to emphasize is the need for AID to intensify the efforts now underway to secure the greatest possible participation by helpful American nongovernmental organizations in assistance efforts abroad.

Here, I am delighted to report that AID has made considerable progress.

But, so vast is the number and variety of private American groups which have experience in developmental assistance abroad that it will take a massive AID effort to communicate to these groups, to her from these and to assure the closest possible partnership.

The private groups will, and must of course, remain private and independent. But it is to be hoped that they will be increasingly well informed of AID goals and how they might voluntarily "pitch in" to help achieve these goals.

It is to be hoped that AID will increasingly inform itself of what the private groups have done, are doing, propose to do and may do in the future.

AID now has, fortunately, several experts keenly familiar with the nongovernmental sector. I am very hopeful of the fruitfulness of their work.

MOBILIZING INFORMATION

There is increasing awareness in many quarters of the need for better mobilization of assistance information. Here, I am referring to clearinghouses of information: (a) within the U.S. Government; (b) between the United States, foreign governments, and the United Nations and its agencies; (c) among nongovernmental organizations, American and foreign; (d) in recipient governments themselves.

Not long ago, Mr. Earl Cocke, of the International Bank for Reconstruction and Development, wrote the following—as one point in a multipoint program—in the Journal, Economic World, published by the Center for International Economic Growth:

7. Over the past 15 years there has accumulated a really incredible amount of separate unrelated development projects in many countries. By now, one of our most difficult operational problems is not so much the coordination of these projects as simply finding out who is doing what where. If an agency wishes to undertake a water supply project, there is no central source of information from which that agency can discover what other agencies and institutions are doing in the same area, which may have direct validity to the effectiveness of the project. This basic lack has led to a considerable wastage of resources that we can ill afford. Measures taken by the World Bank in India to establish a consortium among the principal developmental entities are a large step in the right direction * * * but a great deal more need to be done. Indeed, I should like to propose the establishment of a central development information office, under United Nations auspices, in each of the newly developing countries. Such offices should be adequately staffed and equipped to consolidate information on all development activities in the country. This will not be an easy job and it will require a substantial investment, but I believe such a plan would eventuate in savings both to the investing and the receiving countries far beyond the money invested in it.

In the nongovernmental sector, AID should, I believe, provide resources to strengthen the Technical Assistance Information Clearinghouse which functions under the auspices of the American Council of Voluntary Agencies for Foreign Service, Inc.

In the governmental sector, AID must strengthen exchange of information particularly within the U.S. Government.

At this point, I ask unanimous consent that there be printed at this point in the RECORD a memorandum which I have prepared and which focuses on the subject, particularly from the standpoint of the needs of the State Department's own library.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM BY SENATOR HUMPHREY ON STATE DEPARTMENT-AID LIBRARY

I should like to bring to the attention of the Senate a critical illustration of information weakness, right at the heart of U.S. foreign policy, in the State Department-AID Library.

This is an issue which confronts the Committee on Appropriations, and in particular its Subcommittee on Appropriations for the Department of State.

The present situation arises because of a reduction in the appropriations available for administrative purposes in the Department.

It seems to me, however, that some other alternative could have been found administratively. And appropriate and timely appeals should have been better communicated to the Congress for restoration of funds.

The net effect now is that the combined State Department-AID Library has been reduced to virtually a skeleton force which can do little more than catalog a certain number of incoming items.

CRITICISM OF SLASH BY WASHINGTON POST

A Washington Post editorial of March 22 stated that personnel reductions such as have occurred in this Library: "constitute a most wasteful kind of economy." The Post editorial added:

"The United States can ill afford to save money by denying to its foreign service personnel the knowledge necessary to do their essential jobs."

APPROPRIATIONS CUT INVOLVES SUBSTANTIVE POLICY

A library in the State Department or AID is not a mere archive; it cannot be considered a "mausoleum" of books; it is, or should be, in the mainstream of day-to-day operations. It should be feeding information—classified and unclassified—to a vast variety of official users, concerned with our $4.8 billion in foreign aid and with a vast variety of other political, military, diplomatic, economic, cultural decisions.

BACKGROUND: LIBRARY ASSOCIATION'S PROTEST

Last November the executive board of the American Library Association sent a telegram to President Kennedy protesting against the sharp reduction in the staff of the State Department Library which was even then looming.

The telegram stated that the severe cut in personnel which was then contemplated: "* * * seriously handicaps the research operations and the provision of background information on foreign relations."

On February 9, 1962, the association reported that Mr. Herman Pollack, Acting Assistant Secretary for Administration, Department of State, commented that "important services" of the library were being continued, but that: "* * * those services of the library which were less essential to the accomplishment of its basic mission must be discontinued or sharply reduced."

What this apparently means, for all intents and purposes, is that the library will be kept in operation on a pro forma basis.

PROGRESS IN REVERSE AND CONTRARY TO PRESIDENTIAL STUDY

This slash in the library represents progress in reverse. It is a step backward.

It is a step which runs completely contrary to virtually every principle which has been urged by information centers and specialists throughout the country who have been in touch with the Senate Government Operations Committee on issues of broad information policy.

At this very moment, a task force of the President's Science Advisory Committee is preparing a report to be submitted to Dr. Jerome Wiesner, the President's Special Assistant for Science and Technology. The report, I believe, will recommend a strengthening of information services within the executive branch.

PAST RESEARCH REPORTS CANNOT BE FOUND

Yet, here, we see that in the crucial area of foreign policy, there is not strengthening, but weakening, not centralization but still worse decentralization of information. The fact is that there is and has been no real center for State Department, AID and related reports.

Neither the State Department-AID Library nor any other Center has served to collect and disseminate the fullest spectrum of U.S. Government foreign policy information to the many agencies, divisions and units which have a continuing need for it. Similarly, neither this nor any other Center has full bibliographic control over U.N. and U.N. specialized Agency reports, studies surveys and analyses which are issued in the hundreds upon hundreds each year. Nor is there in any one Center a compendium of the reports from other sources, such as the Organization for Economic Cooperation and Development in Paris, the Colombo Plan in Ceylon, or of a wide variety of intergovernmental bodies throughout the world.

The situation constitutes documentation chaos. The result is inefficiency and waste, with individuals needlessly performing foreign policy research, feasibility studies, and so forth, which have already been performed elsewhere.

Mr. HUMPHREY. I am a strong supporter of AID's research program. But I also believe that today's research should start from where yesterday's research left off. And this cannot be assured unless there is thorough acquisition, indexing, cataloging, abstracting, announcement, and dissemination of past research among interested agencies, offices, and other sources.

We need stronger, not weaker information resources in the State Department and AID. As fast as the information comes in, it needs to be reviewed and assimilated. In many respects, AID is beginning to strengthen this review and evaluation process; this is a most enheartening development, but it still has a long way to go.

At this point I ask unanimous consent that the full text of the Washington Post editorial be printed.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE COST OF PARSIMONY

In a Spartan effort to absorb a $3 million budget cut last fall, the Department of State made drastic reductions in the funds and staff of its library. The library, founded by Thomas Jefferson, is the oldest departmental library in the Government and has grown through the 173 years of its existence to embrace some 500,000 volumes, a carefully selected research collection of primary and secondary source materials covering the diplomatic, political, economic, and sociocultural developments of all foreign countries and their peoples. Such a library is an indispensable tool for men whose duty it is to execute the foreign policy of the United States.

Experience has shown that these reductions constitute a most wasteful kind of economy. The staff of the State Department library was reduced from 60 employees to 27. The acquisition of new materials for the library has been brought to an alltime low. Binding is at a standstill. Service to

outside students has been very nearly eliminated. The ready reference service which used to meet, on an average, 219 calls a day now meets a daily average of only 96. Daily book circulation has dropped from 427 to 236. Periodical service has dropped from 388 on an average daily basis to 287. The understaffing has resulted in forcing highly trained professional library personnel to spend much of their time on clerical work—a wasteful use of manpower.

A comparison of the State Department library with other libraries of similar size emphasizes the gravity of this understaffing. A university library is roughly comparable insofar as its services to graduate students and scholars are concerned. Here in the District of Columbia, the library of the Catholic University of America, for example, has a collection of 595,000 volumes serviced by a staff of 24 professional librarians and 24 nonprofessional employees; and this staff is supplemented by student assistants who render 25,000 hours of service during the course of a year.

The University of Maryland library, to take another local example, uses 43 professionals and 36 nonprofessionals plus 49,030 hours of student assistance to service a collection of 458,500 volumes. The Boston University library, with 521,000 volumes, has 43 professionals and 34 nonprofessionals, plus 44,000 hours of student assistance. The library of the Interior Department, about the same size as the State Department's, is said to be desperately understaffed with a current staff of a little over 30.

When the State Department announced its library reduction last fall, a loud and vigorous protest came from the American Library Association. "Such a severe cut in personnel," the ALA said in a telegram to President Kennedy and Secretary Rusk, "seriously handicaps the research operations and the provision of background information on foreign relations. This heavy cut is unwise and is poor economy in a time in our history when access to information is of vital importance."

The judgment of the ALA has been fully borne out by the experience of the past several months, we think. The State Department's administrative officials responsible for the cuts ought to move as speedily as they can to remedy what was surely an error of judgment as to the capacity of a reduced staff, if not a foolish disregard of the library's importance. Appropriation hearings will soon begin for the State Department. Every effort should be made to persuade Congress to provide more money for the departmental library. Failing that, however, the Department itself should make cuts elsewhere in order to restore the library's full usefulness. The United States can ill afford to save money by denying to its Foreign Service personnel the knowledge necessary to do their essential job.

Mr. SPARKMAN. Mr. President, I ask for the yeas and nays on the passage of the bill.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MAGNUSON (when his name was called). On this vote I have a pair with the senior Senator from Arkansas [Mr. McCLELLAN]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I therefore withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from North Dakota [Mr. BURDICK], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Minnesota [Mr. McCARTHY], the Senator from Arkansas [Mr. McCLELLAN], the Senator from Michigan [Mr. McNAMARA], the Senator from Oregon [Mr. MORSE], the Senator from Maine [Mr. MUSKIE], the Senator from Rhode Island [Mr. PASTORE], and the Senator from Rhode Island [Mr. PELL] are absent on official business.

I further announce that the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from South Carolina [Mr. JOHNSTON] are necessarily absent.

On this vote, the Senator from Nevada [Mr. BIBLE] is paired with the Senator from North Dakota [Mr. BURDICK]. If present and voting, the Senator from Nevada would vote "nay," and the Senator from North Dakota would vote "yea."

On this vote, the Senator from South Carolina [Mr. JOHNSTON] is paired with the Senator from Oregon [Mr. MORSE]. If present and voting, the Senator from South Carolina would vote "nay," and the Senator from Oregon would vote "yea."

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Minnesota [Mr. McCARTHY], the Senator from Michigan [Mr. McNAMARA], the Senator from Maine [Mr. MUSKIE], the Senator from Rhode Island [Mr. PASTORE], and the Senator from Rhode Island [Mr. PELL] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT], the Senator from South Dakota [Mr. CASE], and the Senator from New Hampshire [Mr. MURPHY] are necessarily absent.

The Senator from Pennsylvania [Mr. SCOTT] is detained on official business.

If present and voting, the Senator from Pennsylvania [Mr. SCOTT] would vote "yea."

On this vote, the Senator from New Hampshire [Mr. MURPHY] is paired with the Senator from South Dakota [Mr. CASE]. If present and voting, the Senator from New Hampshire would vote "yea," and the Senator from South Dakota would vote "nay."

The result was announced—yeas, 61, nays 23, as follows:

[No. 82 Leg.]

YEAS—61

Aiken	Carlson	Engle
Allott	Carroll	Fong
Anderson	Case, N.J.	Gore
Bartlett	Church	Hart
Beall	Clark	Hartke
Boggs	Cooper	Hayden
Bush	Cotton	Hickenlooper
Butler	Dirksen	Hill
Byrd, W. Va.	Dodd	Holland
Cannon	Douglas	Humphrey
Jackson	Metcalf	Smathers
Javits	Miller	Smith, Mass.
Keating	Monroney	Smith, Maine
Kefauver	Morton	Sparkman
Kerr	Moss	Symington
Kuchel	Neuberger	Wiley
Lausche	Pearson	Williams, N.J.
Long, Mo.	Prouty	Yarborough
Long, Hawaii	Proxmire	Young, Ohio
Mansfield	Randolph	
McGee	Saltonstall	

NAYS—23

Bennett	Goldwater	Russell
Byrd, Va.	Gruening	Stennis
Capehart	Hickey	Talmadge
Curtis	Hruska	Thurmond
Dworshak	Jordan	Tower
Eastland	Long, La.	Williams, Del.
Ellender	Mundt	Young, N. Dak.
Ervin	Robertson	

NOT VOTING—16

Bible	Magnuson	Muskie
Burdick	McCarthy	Pastore
Case, S. Dak.	McClellan	Pell
Chavez	McNamara	Scott
Fulbright	Morse	
Johnston	Murphy	

So the bill (S. 2996) was passed.

Mr. SPARKMAN. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical corrections in the bill and also to have the bill printed as passed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I could not let the occasion pass without paying my respects to the distinguished Senator from Alabama [Mr. SPARKMAN] the acting chairman of the Committee on Foreign Relations. In his usual manner, he has performed skillfully in guiding the bill to passage. I commend him for his knowledge and his understanding of the many questions which arose during the consideration of the bill.

I also extend my congratulations to the distinguished minority leader [Mr. DIRKSEN], who displayed a keen awareness of the difficulties which this country faces abroad, for helping to bring about the adoption today of an amendment which we believe will be in the best interests of the Nation.

I also commend the assistant majority leader, the distinguished Senator from Minnesota [Mr. HUMPHREY], for his understanding of the problems which confronted the Senate; for his assistance to the acting chairman of the committee; and for the many contribtuions he made to the successful passage of the Foreign Assistance authorization bill for this year.

ORDER FOR ADJOURNMENT UNTIL TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate concludes its business tonight, it adjourn until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

FRYINGPAN-ARKANSAS PROJECT

Mr. ALLOTT. Mr. President, the Fryingpan-Arkansas project in Colorado will come up for consideration in the House next week. I have received a letter from Mr. Raphael J. Moses, secretary of the San Luis Valley Water Conservancy District, Alamosa, Colo., enclosing a resolution of that water district. I respectfully commend the resolution to the attention of the Senate.

I ask unanimous consent that the letter and resolution may be printed at this point in the RECORD.

There being no objection, the letter and resolution were ordered to be printed in the RECORD, as follows:

THE SAN LUIS VALLEY
WATER CONSERVANCY DISTRICT,
Alamosa, Colo., June 1, 1962.

Senator GORDON ALLOTT,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR ALLOTT: At the board meeting of San Luis Valley Water Conservancy District held last night the enclosed resolution was adopted.

I know that it is unnecessary for us to reassure you of our continued interest in the Fryingpan-Arkansas project, but we felt that this might serve to remind you of the united support which this project is receiving from all in Colorado.

With best wishes in your efforts to get this project authorized.

Sincerely,

RAPHAEL J. MOSES,
Secretary.

Whereas San Luis Valley Water Conseranncy District has repeatedly urged the authorization of the Frying Pan-Arkansas project; and

Whereas the bill authorizing the construction of this project will reach the floor of the House of Representatives early in June: Now, therefore, be it

Resolved, That the board of directors of San Luis Valley Water Conservancy District reiterates its unquallfied approval of the Frying Pan-Arkansas project and strongly endorses the efforts of the Colorado congressional delegation in their all-out fight for authorization of this worthwhile project; and be it further

Resolved, That copies of this resolution be forwarded to the members of the Colorado congressional delegation and that the officers of this district indicate to the Colorado congressional delegation and to the board of directors of Southeast Colorado Water Conservancy District their willingness to do anything in their power to assist them in obtaining such authorization.

PROBLEMS OF MINERS AND MINING COMPANIES IN THE UNITED STATES

Mr. ALLOTT. Mr. President, Mr. Frank W. Becraft, of Denver, Colo., wrote me a very thoughtful letter concerning the problems facing miners and mining companies in this country today. This letter bears out the fact that our domestic mining industry must surely be given consideration in an effort to resolve the difficulties presently facing it. As I have stated on previous occasions, the continuation of existing policies could well result in a disastrous shrinkage of markets through elimination of domestic mineral industries altogether. I ask unanimous consent that Mr. Becraft's letter be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

BOULDER FLUORSPAR CO.,
Denver, Colo., May 9, 1962.

Hon. GORDON ALLOTT,
U.S. Senator from Colorado,
Senate Office Building,
Washington, D.C.

DEAR SENATOR ALLOTT: As you are of course well aware, one of our important national problems which is causing great concern today is the balance of payments and the accompanying decrease in our gold reserves, and we are told that we must check the outward flow of gold. Another serious problem is the large number of unemployed, many of whom have been without jobs over long periods of time.

It would seem that many millions in gold could be retained at home, many jobs could be provided, and many millions in taxes could be added to the national income, if our metal and mineral mines and mills could be put into operation again.

Without some protection, our domestic mines cannot compete with the low labor costs of most of our foreign competitors, and so some regulations are required to reserve a portion of the domestic market for our own producers. A quota system which would assure our domestic producers a share of our own market, say at least one-third, would probably be most equitable and the simplest plan to administer, together with an adequate tariff to equalize costs. If an adequate tariff is deemed objectionable for political or other reasons, then a subsidy to be paid to the producers could be provided to equalize the differential of the foreign wage rates. The plan which you introduced to cover the fluorspar industry a couple of years ago should be a satisfactory solution.

Data published by the Bureau of Mines show that for the year 1960, fluorspar with a value of $14,392,888 was imported, while the Bureau's estimated figure for 1961 was $11,593,000. These figures are not large when compared with the import of some of the metals, such as lead and zinc, but the problems of the individual fluorspar producers, and especially the smaller operators, are just as serious to them as are those of the large producers, and relief is just as vital, or probably more necessary on account of their limited capital resources.

Operations on our properties, located near Jamestown in Boulder County, were closed down at the end of 1958, due to the market conditions resulting from heavy imports at reduced prices.

Practically all domestic fluorspar production, other than that from captive mines, has already been forced to close down in the face of the foreign imports, principally from Mexico, Spain, and Italy. If this condition is not soon remedied, the cost of unwatering the mines, and of rehabilitating the mines and the mills will become so great as to make resumption of operations uneconomical, with the result that these essential natural resources may be permanently lost to our national economy, with the accompanying loss of the stockholders' equity, the loss of jobs, and the loss of future possible tax revenues. The loss of jobs is of course very serious indeed to the local economies, and in the meantime, the labor force of experienced miners and mill operators is being scattered, and no younger men can be trained in the meantime to handle these highly skilled jobs.

If the present policies are continued much longer, our domestic metal and mineral industries will cease to exist, and in future years, our great Nation with all its resources will be dependent solely on imports for our requirements of many of these vital materials, leaving us subject to whatever deliveries and prices which the foreign producers decide to impose on us, because it may then be impossible to revive our own production facilities. That would not be a pleasant situation for the United States to face, but it may become a reality within the next few years if steps are not taken promptly to put our mineral production industries on a firm footing. It must be realized that time to forestall this potential condition is rapidly running out. Prompt action is urgent.

We of course know that you understand and appreciate the above facts, that you have been a consistent champion for a strong mining industry, and that your efforts have been continued in the face of strong opposition by forces which apparently fail to understand the long-range damage to the country which will result from the continuation of their policies. We congratulate and thank you for your past efforts which we are sure will be continued, and assure you of our continued support in the future. With best wishes,

Very truly yours,

FRANK W. BECRAFT,
President.

TRADE AGREEMENTS ACT

Mr. ALLOTT. Mr. President, the Senate will soon be considering the President's trade program and charting a course of action to take when the Trade Agreements Act expires June 30 of this year. The challenge of the Communist economic offensive, the fast-moving economic unification of Europe—exemplified in the European Common Market—and the vast, new prospective markets presented by the many new developing nations throughout the world will make certain changes in our present trade policy necessary and desirable.

However, the Executive power the President requests, to engage in negotiations for tariff reform, cannot be considered in a vacuum. We must consider the same in the context of forging our fiscal, monetary and wage-cost-price policies that will make it possible for American industry and agriculture to be in a truly competitive position. This must involve a reexamination of our depreciation writeoff policies, our corporate income tax structure and other policies which, if left as they are today, would make a truly competitive free trade atmosphere impossible and which would spell doom for large segments of our industries drawn into such competition.

The necessity for proceeding cautiously so as not to sound the death knell for many of our own industries was brought home to me again this week when I received two letters from Joseph Coors, president of the Coors Porcelain Co., of Golden, Colo., concerning the effect any lowering of tariffs on chemical procelain would have on his business. Coors Porcelain Co. manufactures chemical porcelain, of the type which is used in every chemical laboratory in the United States and is essential for our national defense. Within the past 6 months, Japanese importations of chemical porcelain have been put on the market in this country at consumer prices which are 25 percent lower than the best prices which Coors can give. This is pos-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For information only; should not be quoted or cited)

Issued June 15, 1962
For actions of June 14, 1962
87th-2d, No. 97

CONTENTS

Appropriations.....2
Civil defense.....23
Communications.....28
Conservation reserve....20
Consumers.....31
Contracts.....7,14
Dairy.....35
Electrification.....17
Expenditures.....33
Export control.....13
Farm ownership.....45
Farm program.....25,37
Food for peace.....29
Foreign aid.....5,26,34,45
Foreign trade.....1,13,21
Forest Service.....2
Hay.....20
Milk.....42
Personnel.....10,32
Poultry.....2,21
Public debt.....3,40
Reclamation.....16,30
Roads.....18,41
Small business.....15,24,36
Soil bank.....4
Stockpiling.....11,22
Sugar.....6,39
Taxation.....[illegible],27
Textiles.....1,9
Tobacco.....43
Wheat.....19,34
Wildlife.....44
Youth corps.....8,38

HIGHLIGHTS: Senate concurred in House amendments to measure to defer proclamation of wheat allotments and quotas. Senate passed bill to continue authority for harvesting hay on conservation reserve lands. Sen. Tower criticized USDA handling of Estes case. Both Houses agreed to conference report on bill for agricultural import restrictions on nonparticipating countries in multilateral trade agreements. House passed continuing resolution for second supplemental appropriations. House Rules Committee cleared foreign aid authorization bill. Rep. Cooley announced intention to report sugar bill. Sen. Talmadge submitted and discussed measure to extend time for filing tobacco allotment leases. Rep. Stratton introduced and discussed bill to provide legal authority for certain milk-marketing order compensatory payments.

HOUSE

1. FOREIGN TRADE, TEXTILES. Both houses agreed to the conference report on H. R. 10788, to amend Sec. 204 of the Agricultural Act of 1956 so as to authorize the President to regulate imports of textiles and textile products from nonparticipating countries of multilateral trade agreements. Both houses agreed to H. Con. Res. 493, to correct an error in the spelling in the conference report on this bill. This bill will now be sent to the President. pp. 9725, 9811-2

2. APPROPRIATIONS. Passed without amendment H. J. Res. 745, appropriating funds for those items in the second supplemental appropriation bill which were apportioned on a basis indicating a necessity for a deficiency or supplemental estimate. This would provide $37,000,000 for Forest Service ($36,000,000 for fighting forest fires and $1,000,000 for control of forest pests), and $425,000 for poultry inspection (AMS). It would not provide funds for the screwworm eradication or Farmers Home Administration items. (pp. 9705-6). The

Appropriations Committee earlier reported this resolution without amendment (H. Rept. 1822). pp. 9752-3

3. PUBLIC DEBT. By a vote of 211 to 192, passed without amendment H. R. 11990, to provide for a temporary increase to $308 billion in the public debt limit. pp. 9706-22

4. SOIL BANK. Received from this Department a proposed bill "to amend section 107 (d) of the Soil Bank Act"; to Agriculture Committee. This proposed legislation would clarify the authority of the Secretary to prescribe by regulation the types of violations which are of such a substantial nature as to warrant the termination of soil bank contracts. p. 9752

5. FOREIGN AID. The Rules Committee reported a resolution for the consideration of H. R. 11921, the proposed Foreign Assistance Act of 1962. pp. 9722, 9753

6. SUGAR. Rep. Cooley announced that he will introduce a clean sugar bill on Fri., June 15, and the Agriculture Committee will report it on the same day, providing the Committee is granted permission to sit during general debate on Fri. Rep. Quie objected to a request by Rep. Cooley to allow the Agriculture Committee to meet during the session of the House on Fri. and Rep. Cooley announced that he would renew his request on Fri. Rep. Quie said he would not object if minority views were prepared by that time. Rep. Smith, Va., announced that the Rules Committee will consider a rule on the bill as soon as it is reported. pp. 9722-4

7. CONTRACTS. Began debate on H. R. 11677, to prohibit discrimination on account of sex in the payment of wages by certain employers engaged in commerce or in the production of goods for commerce and to provide for the restitution of wages lost by employees by reason of any such discrimination. pp. 9725-7

8. YOUTH CONSERVATION. Rep. Olsen discussed the bill which would establish a Youth Conservation Corps, saying, "I support this bill--and, indeed, feel we cannot pass it too quickly." pp. 9738-9

9. TEXTILES. Rep. Alexander inserted a speech by a textile executive, "Our Textile Export Challenge." pp. 9739-41

10. PERSONNEL. Rep. Fogarty inserted a speech by Secretary Hodges before the President's Committee on Employment of the Physically Handicapped. pp. 9737-8

11. STOCKPILING. Received from the Office of Emergency Planning the semiannual report on the strategic and critical materials stockpiling program for the period July 1 to December 31, 1961. p. 9752

12. TAXATION. Received from Treasury a proposed bill "to amend section 172 of the Internal Revenue Code of 1954 to provide a 7-year net operating loss carryover for certain regulated public utilities"; to Ways and Means Committee. p. 9752

13. FOREIGN TRADE; EXPORT CONTROL. The Banking and Currency Committee voted to report (but did not actually report) with amendments H. R. 11309, to provide for continuation of authority for regulation exports. p. D475

14. CONTRACTS. The Banking and Currency Committee voted to report (but did not actually report) with amendments H. R. 11500, to extend the Defense Production Act of 1950, as amended. p. D475

15. SMALL BUSINESS. The Banking and Currency Committee voted to report (but did not actually report) with amendments H. R. 12121, to amend the Small Business

87TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 1823

CONSIDERATION OF H.R. 11921

JUNE 14, 1962.—Referred to the House Calendar and ordered to be printed

Mr. O'NEILL, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 689]

The Committee on Rules, having had under consideration House Resolution 689, report the same to the House with the recommendation that the resolution do pass.

House Calendar No. 248

87TH CONGRESS
2D SESSION

H. RES. 689

[Report No. 1823]

IN THE HOUSE OF REPRESENTATIVES

JUNE 14, 1962

Mr. O'NEILL, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

---

RESOLUTION

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11921) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, and all points of order against section 253 of said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed five hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill

for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit. After the passage of the bill H.R. 11921, it shall be in order in the House to take from the Speaker's table the bill S. 2996 and to move to strike out all after the enacting clause of said Senate bill and to insert in lieu thereof the provisions contained in H.R. 11921 as passed by the House.

House Calendar No. 248

87TH CONGRESS
2D SESSION

H. RES. 689

[Report No. 1823]

RESOLUTION

Providing for the consideration of H.R. 11921, a bill to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

By Mr. O'NEILL

JUNE 14, 1962

Referred to the House Calendar and ordered to be printed

July 9, 1962 No 113

12. DATA PROCESSING. Both Houses received from GAO a report "on the review of the administration of contracts for rental of automatic data processing equipment at selected military installations within the Department of Defense." pp. 11982, 12149

13. ATOMIC ENERGY. The Judiciary Committee reported without amendment H. R. 10618, to grant the consent of Congress to the Southern Interstate Nuclear Compact (S. Rept. 1686). p. 11982

14. PEACE CORPS. Sen. McGee commended the work of the Peace Corps and inserted an editorial commending it. p. 11987

15. INFORMATION; POSTAL RATES. Sen. Carlson commended the farm press, expressed his opposition to proposed legislation to increase postal rates on small newspapers and farm journals, and inserted several editorials discussing the matter. pp. 12030-40

HOUSE

16. FOREIGN AID. Began debate on H. R. 11921, the foreign aid authorization bill. pp. 12077-125

17. SMALL BUSINESS. Conferees were appointed on S. 2970, to increase the revolving fund of the Small Business Administration. Senate conferees have already been appointed. p. 12076

18. YOUTH CONSERVATION CORPS. Rep. Perkins inserted recent letters from the Secretaries of Agriculture and Interior recommending that the primary responsibility for administration of the Youth Conservation Corps be placed in the Department of Labor as provided for by H. R. 10662 now pending before the Rules Committee. p. 12126

19. RECLAMATION. Received from the Assistant Secretary of Interior, a letter reporting that an adequate soil survey and land classification of the lands in the Cow Creek unit, Trinity River division, Central Valley project, has been completed, pursuant to Public Law 172, 83rd Congress; to Appropriations Committee. p. 12149

20. LAND CONSERVATION. The "Daily Digest" states that the Committee on Ways and Means, in executive session, "in effect agreed to recommend the substance of section 6 of H. R. 11172, for inclusion in any bill the House Committee on Interior and Insular Affairs may report on the subject of establishment of a land conservation fund." p. D565

21. ADJOURNED until Wednesday, July 11.

ITEMS IN APPENDIX

22. FARM PROGRAM. Extension of remarks of Rep. Gathings, inserting an article, "The Chaos of Abundance: A Dialogue About the Farm Scandal", pp. A5178-9

Extension of remarks of Rep. Gathings inserting an editorial analyzing defeat of the Administration farm program, A5190-1.

Extension of remarks of Rep. Dominick inserting a Wall Street Journal editorial opposing agricultural controls, pp. A5200-1.

Extension of remarks of Rep. Rousselot inserting a column of Westbrook Pegler which alleges that Dr. John Dunn, John Birch member, set off the Estes investigation. pp. A 5213-14.

Extension of remarks of Rep. Michel inserting an article, "Honesty and

Stupidity and Mr. Freeman." p. A5192

23. FOREIGN TRADE. Extension of remarks of Sen. Curtis inserting three editorials on tariff policy and US agricultural exports and imports. pp. A5179-80
Speech of Rep. Ostertag in the House favoring the proposed Trade Expansion Act of 1962, pp. A5193-4
Extension of remarks of Rep. Loser inserting an address on the Common Market and the proposed Trade Expansion Act of 1962. pp. A5201-2

24. EXPENDITURES. Extension of remarks of Rep. Gavin inserting an editorial opposing deficit spending. pp. A5202-3
Extension of remarks of Rep. Windall inserting excerpts from debate between Douglas Dillon and Rep. Thomas B. Curtis before House Ways and Means Com. on the question of balancing the budget. p. A5208

25. NATIONAL PARKS. Extension of remarks of Sen. Wiley inserting his radio speech urging the speeding up of work on the Ice Age Scientific Reserve in Wisconsin. p. A5182

26. FORESTS. Extension of remarks of Rep. Berry inserting a letter criticizing the Forest Service on the issue of roads in forest preserves. pp. A5182-3

27. APPROPRIATIONS. Extension of remarks of Rep. Kirwan inserting the House Appropriations Committee resolution relating to the question of conference procedure on appropriation bills. pp. A5183-4.

28. FOREIGN AID. Extension of remarks of Rep. Kunkel inserting articles, "Billions For What?" and "A New Look at a Global Puzzle", analyzing present foreign aid programs. pp. A5189-90

29. FOOD. Extension of remarks of Sen. Humphrey inserting an article of the American Freedom From Hunger Association, encouraging development of agriculture in foreign countries. pp. A5209-10.

30. PRICES. Extension of remarks of Rep. Dingell inserting an article opposing price-fixing legislation. pp. A5191-2

31. EDUCATION. Extension of remarks of Rep. Bailey inserting a HEW summary of the National Defense Education Act. pp. A5194-5

32. OPINION POLL. Extension of remarks of Rep. McGregor inserting the results of an opinion poll on the economic policies of the Administration. pp. A5195-6

33. RIVERS AND HARBORS. Extension of remarks of Sen. Holland inserting a report of the President of the National Rivers and Harbors Congress. pp. A5212-3

34. LAND-GRANT COLLEGES. Speech of Rep. Huddleston in the House commemorating 100th anniversary of land-grant college system. pp. A5208-9

BILLS INTRODUCED

35. WHEAT QUOTAS. S.J.Res. 210, by Sen. Ellender, to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning July 1, 1963; to Agriculture and Forestry Committee.

Last week Members of Congress received a release from the Agency for International Development, reminding them of the funds spent in their home State under various parts of the program. The rather broad implication was that we should continue supporting foreign aid since it was profitable to our State and local communties. In the specific release that I received, directed to Illinois Members of the House, we were told that Illinois received $121.2 million in U.S. foreign assistance business during the last 8 years, out of a total of $4.43 billion spend during this same period.

The facts neglected in the AID release were that the funds spent were first collected in taxes from our citizens, and the net result of the foreign-aid program is to export our dollars abroad.

In the case of Illinois, using the figures supplied by the Department of State, Illinois taxpayers would have provided $317 million in taxes to receive the $121.2 million in return.

When an appeal for funds is aimed at selfish interests, it is self-defeating, since the figures prove the fallacy of foreign-aid spending in this respect.

However, Mr. Speaker, the main issue is not the dollars-and-cents figures spent in each State, but the much broader question of the cost, value received, long-range benefits to our Nation and its citizens, as related to the entire program. All practical methods of reviewing the various foreign-aid programs over the years have revealed far more in waste than practical use of funds, many more failures than accomplishments. The program has harmed rather than helped the economies of many nations and has adversely affected the economic status of the United States.

CALL OF THE HOUSE

Mr. ADAIR. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. MILLS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 147]

Addabbo	Cahill	Gilbert
Alford	Carey	Glenn
Andersen, Minn.	Celler	Granahan
Andrews	Chelf	Green, Pa.
Anfuso	Church	Griffin
Bailey	Coad	Hall
Baker	Colmer	Harding
Barrett	Cook	Harrison, Va.
Barry	Cooley	Harrison, Wyo.
Bass, N.H.	Corman	Hays
Bennett, Mich.	Curtis, Mass.	Healey
Betts	Davis, James C.	Hébert
Blatnik	Davis, Tenn.	Hechler
Blitch	Donohue	Hoffman, Ill.
Boggs	Dooley	Hoffman, Mich.
Bolling	Farbstein	Horan
Bonner	Fino	Ichord, Mo.
Boykin	Flood	Jennings
Brademas	Fogarty	Jones, Mo.
Bromwell	Fountain	Keogh
Broyhill	Frazier	Kilburn
Buckley	Friedel	King, Utah
Byrnes, Wis.	Giaimo	Kitchin
Knox	Osmers	Kluczynski
Kornegay	Peterson	Shipley
Kowalski	Philbin	Smith, Miss.
Laird	Pike	Spence
Landrum	Powell	Stratton
Lesinski	Price	Taber
Libonati	Purcell	Teague, Tex.
McCulloch	Rains	Thompson, La.
McSween	Randall	Thornberry
Macdonald	Reece	Tuck
Martin, Mass.	Riehlman	Utt
Merrow	Riley	Vanik
Miller, George P.	Rivers, Alaska	Van Zandt
Miller, N.Y.	Roberts, Ala.	Wallhauser
Minshall	Robison	Weis
Moorhead, Pa.	Rogers, Tex.	Whalley
Morrison	Rosenthal	Whitten
Multer	Rostenkowski	Wickersham
Nix	Saund	Willis
O'Neill	Scranton	Wilson, Calif.
	Shelley	Wilson, Ind.
		Wright

The SPEAKER. Three hundred and three Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FOREIGN ASSISTANCE ACT OF 1962

Mr. SMITH of Virginia. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 689 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11921) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, and all points of order against section 253 of said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed five hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit. After the passage of the bill H.R. 11921, it shall be in order in the House to take from the Speaker's table the bill S. 2996 and to move to strike out all after the enacting clause of said Senate bill and to insert in lieu thereof the provisions contained in H.R. 11921 as passed by the House.

The SPEAKER. The gentleman from Virginia is recognized for 1 hour.

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. BROWN] and yield myself such time as I may consume.

The SPEAKER. The gentleman from Virginia is recognized.

Mr. SMITH of Virginia. Mr. Speaker, this resolution makes in order the bill (H.R. 11921) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The resolution waives points of order against section 253. It provides for 5 hours of general debate; and I am glad to report that it is an open rule, making the bill subject to amendment.

Mr. Speaker, I have no requests for time on this side.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Iowa.

Mr. GROSS. I am glad to see that the Rules Committee is still in business. I thought for a time that it had been compelled to abdicate its functions. I am glad to see that this is an open rule for change.

I wonder if the gentleman can tell me what point of order might be raised against section 253? What reason was given for that?

Mr. SMITH of Virginia. Because the Parliamentarian thought it might be subject to a point of order and we wanted to give the House an opportunity to consider it.

I am glad to reassure the gentleman from Iowa that the Rules Committee is still in being and doing business at the same old stand.

Mr. GROSS. Perhaps, then, this business of loading us up with suspensions can be dispensed with, if the Rules Committee is still in business, and the House be allowed to work its will on legislation.

Mr. SMITH of Virginia. We will be glad to entertain any suggestion anyone wants to make.

Mr. Speaker, I now yield to the gentleman from Ohio [Mr. BROWN].

Mr. O'NEILL. Mr. Speaker, House Resolution 689 provides for the consideration of H.R. 11921, a bill to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes. This legislation, in my opinion, is of the most vital importance to this Nation, for it continues to provide a critical weapon with which our policymakers hurl back, without resort to massive force, Communist efforts to expand the realm where totalitarianism holds sway. This resolution provides for an open rule, waiving points of order, with 5 hours of general debate.

The proposed bill is essentially an extension of last year's authorization act which constituted a complete revision of the basic legislation governing the provision of U.S. economic and military assistance to foreign countries. It contains four parts, the first two of which are designated as acts, each bearing a short title.

Part I, to be cited as the "Act for International Development of 1961," provides the authorization for programs of economic assistance to other nations.

Part II, with the short title "International Peace and Security Act of 1961," authorizes military assistance to foreign countries.

Parts III and IV do not bear short titles and include a variety of general, administrative, and miscellaneous provisions applicable to the foreign assistance program generally, including parts I and II.

The entire bill is designated the "Foreign Assistance Act of 1962."

Perhaps its most significant addition to the existing corpus of foreign assistance legislation is the creation within part I of a new "Title VI: The Alliance for Progress." It provides new authority for furnishing economic development assistance to Latin America by authorizing the appropriation of $2.4 billion over the 4 fiscal years 1963 to 1966, with no more than $600 million to be appropriated in any 1 year. Assistance given under this title must meet the same criteria that are applicable to development loans and grants in the rest of the act, and must also conform to the principles of the Act of Bogota and the Charter of Punta del Este.

The bill's multiyear authorization for the alliance is regarded as an extremely important means for persuading the Latin American countries to continue at an accelerating pace to implement the principles of self-help and social and economic reform which lie at the heart of the Alliance for Progress. As you know, needed self-help measures and reforms are being vigorously, sometimes violently, opposed by a bizarre combination of traditionalist and Castroite-Communist elements. Therefore, if governments are to undertake the very immediate and substantial risks inherent in a real program of reform, they must be assured of continued, long-range support from the United States. They must have confidence, for example, that if a land-reform program is initiated, they can obtain the capital to finance agricultural extension services, farm loans on reasonable terms, and the other devices that are the essential companions of an effective land-reform program. If, after initiating a program of redistribution or colonization, the whole project is aborted by an inability to provide ancillary services, the government concerned, as well as the farmers, may well be in a far worse position than before the effort was made. So to me it seems only fair that if we are going to ask these governments to assume the political—and in some cases the actual physical—risks of reform, this House should go on record as being determined to back them up. I want to add, however, that this multiyear authorization does not amount to any kind of blank check to the executive branch. Far from it, since the program will still require an annual appropriation.

Other major funding categories for which new obligational authority is provided by this bill include development grants—$300 million compared with the executive branch request of $335 million—supporting assistance—$440 million compared with the executive branch request of $481.5 million, and the contingency fund—$275 million compared with the executive branch request of $400 million.

It has become rather trite to say that the past year has been a year of transition for our economic aid programs; but like many trite expressions, it is true. What also is true is that the assistance program which has been evolving appears to follow the guidelines we laid down in last year's bill and the committee report and the debate which preceded its passage. As you recall, we were particularly concerned about three things: Improved administration; increased self-help; and the necessity of both increasing economic aid from other free world sources and effectively coordinating such aid with our own. I think there has been encouraging progress in all three areas.

In the area of administration, we note first that the new agency created to administer the program, AID, has obtained as its No. 1 man a lawyer, Fowler Hamilton, who has had a very great deal of experience with the problems of foreign investment and doing business abroad. Perhaps of the greatest significance in the long run—not merely because administrators come and go but because a complex program like this requires considerable decentralization of authority—is the success of Mr. Hamilton's campaign to recruit businessmen of proven capabilities, and often with foreign investment or operations experience, to head our missions out in the field .

A second step forward in the administrative area has been the organization of AID into four geographic units each headed by an Assistant Administrator. This has resulted in both a pinpointing of responsibility and a significant delegation of operating responsibility. This change should, in conjunction with improved manpower in the field, produce more rapid program implementation.

Turning to self-help, it appears that at last our continued admonitions that we cannot develop countries that refuse to help themselves are beginning to bear fruit. To begin with, an increasing number of our AID recipients are—with the encouragement and assistance of AID—producing carefully considered national plans which establish priorities and provide real development roadmaps. These plans assure that our funds and their funds and the contributions of other countries are intelligently coordinated, and they indicate whether or not the recipient country is genuinely dedicated to development. Moreover, they provide us with a yardstick for measuring achievement.

In the realm of social and economic reform, a significant number of the underdeveloped countries have begun to chip away at ancient encrustations of inequity. Despite armed insurrection, political quixotism, Castro-Communist propaganda, and the rigidity bordering on rigor mortis of some vested interests, the responsible advocates of reform have pushed ahead. Although in comparison to what is required these first steps seem small, in contrast to the immobility of past centuries they often appear giant sized.

Passing finally to the necessity for encouraging aid from other prosperous free world countries, it is highly gratifying to note that our strenuous efforts in this area are proving quite successful. Gross official aid disbursements from the other OECD countries and Japan increased 90 percent from $1 billion in 1956 to $1.9 billion in 1960. It is estimated that the upward trend continued into 1961, though final figures are not yet available. It is inaccurate to suggest, as some have, that this merely reflects increased prosperity, for foreign aid has also risen as a percent of gross national product, from 0.36 percent in 1956 to 0.53 percent in 1960; during the same period U.S. disbursements increased only from 0.51 percent to 0.59 percent. While this still leaves us ahead of our industrial competitors taken as a group, we are far from leading the pack, since France spends 1.59 percent of her gross national product on foreign assistance and a major portion of that assistance is in the form of grants.

Of course, these and many other matters have been examined with great diligence and in great detail by the Foreign Affairs Committee and its distinguished chairman, who along with various members of his committee will shortly seek to answer the variety of questions I am sure most of us have. I think that the chairman and his committee are to be commended for the care and effort which are so clearly reflected in their report.

This legislation which we are about to debate, while in part an expression of our Nation's deeply rooted humanitarian instincts, is primarily the product of a hard-nosed appraisal of the most effective means for preserving our basic national security interests. That is why it has received consistent support on both sides of the aisle. Like most of you, I have supported foreign aid legislation because, if one thing is clear, it is that the cost to the taxpayer of foreign aid is negligible compared to the economic and human costs of maintaining the U.S. troops that would be required around the globe to maintain non-Communist governments in power if those governments were unable to lead their people to a higher standard of living. It is also negligible compared to the peril of losing the vast populations and resources of the underdeveloped countries to the Communist bloc.

Sometimes, the burdens of free world leadership weigh heavily on us. We are engaged in a desperate struggle with a powerful and clever enemy that pursues its vicious objectives in a multitude of forms. Wise enough to avoid a major war with the most powerful country in the world—the United States—the Reds seek victory through trade, aid, and subversion. Because we are thus not engaged in a struggle that assumes the traditional form of massive armies locked in mortal combat, it has been more difficult for the American people to comprehend the urgency of the programs we have legislated which are designed to counter this protean threat. But though it has been difficult, the vast majority of Americans have, with amazing quickness, come to appreciate the importance of these complex programs, like foreign aid, with which we are giving the Commies a bout of competition they are finding pretty painful.

Mr. BROWN. Mr. Speaker, I yield myself such time as I may consume.

(Mr. BROWN asked and was given permission to revise and extend his remarks.)

Mr. BROWN. Mr. Speaker, this resolution, as the chairman of the Rules Committee, the gentleman from Virginia

[Mr. SMITH], has stated, makes in order the consideration of the annual foreign aid authorization bill, H.R. 11921, under an open rule, with 5 hours of general debate, following which, of course, there will be the usual reading of the bill and amendments will be in order for consideration under the 5-minute rule.

This is the same old story, as I said a moment ago, that we have heard year after year in this House, that we must spend a great many billions of dollars to give assistance and aid, in one form or another, to practically all of the nations, governments, and peoples of the world, with a limited few exceptions.

Throughout the years I have been a Member of Congress, since these foreign aid programs were first instituted, we have been told annually if we would just adopt this particular piece of legislation, this particular foreign aid program, our problems in the world would be solved, we would soon be at peace with all the nations of the world, that our international troubles would be over; that prosperity would sweep the continents of this old world of ours, and everything would be all sweetness, light, happiness, and contentment.

We have spent, as I recall, something better than $90 billion of American taxpayer funds in giving help and assistance to the peoples and the governments of other lands and other nations since 1946, or after the end of World War II. That, of course, does not include the billions we have spent and given away in that great holocaust called World War II.

Yet, despite the fact we have spent these many billions, better than $90 billion, every dollar of which has been borrowed at one time or another and is a part of the huge national debt we now owe, which required this House, by a bare or slight margin to recently vote for legislation to increase our national debt limit to $308 billion, we have fewer friends around the world today than when we started on these programs 16 years ago.

Mr. Speaker, I have been convinced there has been untold waste and extravagance in connection with the administration of our foreign aid programs. In fact, practically everyone, every committee of this Congress, and every Member of this House who has investigated, on the scene in foreign countries the use of our foreign aid funds, and the expenditures made under our foreign aid programs, have come back with reports they have found great and intolerable waste and extravagance; that the administration of these aid programs has been very poor, that we have gained but little benefit from them.

There will be many issues here today as to just what we should do. There will be the question before the House, undoubtedly, as we proceed in this debate, as to whether or not we should continue something that many of us believe is wrong; that is, furnishing aid, either military or economic—in many instances in the past it has been military aid—or even food and other substances that would help strengthen the economy of various countries, nations, and peoples who are controlled and dominated by communism, and are actually Communist states, Communist nations, and Communist peoples.

Of course our hearts bleed for those who may be hungry, for those who may need our help; yet I want to point out, if I may, that there has never been, in all human history, any nation, any government, or any people as generous to others as have been the United States of America and our own American people. No other nation, no other people, have ever done as much for others as we have done for the peoples and nations of other lands.

And then, of course, we will have other questions arise. What about some of the so-called neutralist nations? I was rather amazed and startled the other day when I read a statement by Prime Minister Nehru of India—the man who has always talked about how he believes in peace, and how we must live in peace and must understand each other, and yet whose government, by force, invaded the little enclave of Goa, a Portuguese possession, and took it by force of arms, directly contrary to everything he had preached throughout the years. This was from the head of a country to whom we have given billions of dollars, not millions but billions upon billions of dollars, in foreign aid and assistance—attacking the United States in a speech before the Parliament of India, in which he said this country was "anti-Indian," because our Ambassador to the United Nations, along with other representatives of other member nations of the U.N., had criticized the action of India and Nehru in the attack on Goa. And, of course, Nehru criticized also our questioning of his purchase of military planes from Russia; our questioning of some of the activities of the Indian Government against Pakistan and against Kashmir. Yet, this man and his government never once have stood with the United States and the free world against the actions of the Communist world whenever an issue was joined in the United Nations. India has always voted with the Communist bloc or has abstained from voting. The same thing is true of Indonesia. I could give you many other similar illustrations of the way our generosity has not been returned in kind, at least, by many of these nations that claim to be neutrals, but actually have not been in fact.

Mr. RIVERS of South Carolina. Mr. Speaker, will the gentleman yield?

Mr. BROWN. Briefly.

Mr. RIVERS of South Carolina. I have searched the Congressional Library and the CONGRESSIONAL RECORD, every periodical I could find, and there is no instance on record when Nehru or his hatchetman, Menon, have ever said a kind word for America or have voted with us in the Tower of Babel, the United Nations. They have never been on our side. We have already given them $3 billion. They are not neutral. They are against America, plain and simple. If you want to help somebody, we ought to help little Pakistan.

Mr. BROWN. I thank the gentleman. I think he is eminently correct, except I believe, if he checks on some of the other things given to India, that the total will run to about $5 billion.

So, Mr. Speaker, I am hoping that when we go into general debate careful attention will be given to the many problems that confront us in connection with this foreign aid authorization bill. It is my opinion, and I believe it is the view of the average American citizen, the time has come to wean some of these nations who have been taking of our substance throughout the years and returning nothing in the way of friendship or support for the ideals of the free world, and the objective of the United States to attain peace in this world.

Mr. Speaker, I yield to the gentleman from Kansas [Mr. AVERY] 5 minutes.

Mr. AVERY. Mr. Speaker and Members of the House. If you will recall, those of you who were present 1 year ago in August, we debated the mutual security bill on August 14, August 16, 17, and 18.

Mr. Speaker, it was my impression that by authorizing a 5-year program we were thus disposing of an annual authorization for the mutual security program. But it appears that the Department of State has thought up four or five more new programs, or new uses for the American dollar. Therefore, we have been asked today to authorize an additional $2 billion which includes an annual authorization of $600 million for the Alliance for Progress program with the Latin American nations.

Now, really, ladies and gentlemen, we should all be very grateful that we are privileged to be present today because we are making history. If you have read this bill, you will observe that there are only 16 pages in the bill which in addition to previous authorizations will amount to about $4 billion for fiscal 1963. So, I think we are authorizing more money with less wordage than at any time since I have been a Member of the House of Representatives. I do not know if that means that that gives the Department of State more latitude in its operations and utilization of the funds, or whether it means because we overcommitted the Congress to a 5-year program last year.

Mr. Speaker, there are two special items in this bill to which I would like to call attention. One will observe that on pages 11 and 12 of the bill there is a section dealing with expropriation of property belonging to U.S. citizens or corporations in foreign nations. These provisions of the bill I think are written rather carefully because they provide that if the property of a U.S. citizen or U.S. corporation is expropriated without just compensation or if there are discriminatory taxes levied against the U.S. property, the President shall suspend aid authorized in this bill to that particular country. But, then, comes along two more lines which completely negate this, in my opinion, because it further provides that the President may suspend this particular provision if he concludes that withholding this aid to those particular countries who have expropriated U.S. property would adversely affect the national interest. This language should be amended to restrict the descretion of the President.

Mr. Speaker, in conclusion I would like to merely suggest careful consid-

eration of one more item. I would hope that some members of the Committee on Foreign Affairs will address themselves to this point during the general debate. We have had a sugar bill on the floor twice now in the last 2 weeks. Yet we are advised by the press that we are not through with it yet, that there will be a bill back before the House again further amending or supplementing the action the House has taken with respect to the sugar program for 1963, and 4 years hence.

Mr. Speaker, it seems to me that the sugar program, the sugar bill, the sugar authorization, is becoming completely involved in the mutual security bill. Now, what justification there is or how the national interest is served by commingling the Sugar Act—the provisions of the Sugar Act—with the mutual security bill I have not been able to ascertain. So I would hope, Mr. Speaker, that in the deliberations that will follow some knowledgeable Member—and of course they are all very knowledgeable, the members of the Foreign Affairs Committee—I would hope that they might address themselves to this point so those of us can understand why discontended countries, countries that take issue with the judgment of the Congress has been in relation to sugar allocations, should further plead for further consideration under in what amounts to foreign aid.

Mr. Speaker, I cannot come to any other conclusion when I read in the paper that after we have authorized as much sugar procurement as is determined to be needed for 1 year, the other body has provided by an amendment to a separate House bill that the President may acquire 150,000 more tons. It would seem to me that that would merely supplement the Mutual Security program and should be charged to that program, and not under the guise of a commodity that is in short supply.

Mr. Speaker, I know of no opposition to the rule. I assume the rule will be adopted. However, I hope several amendments will be seriously considered by the House.

Mr. BROWN. Mr. Speaker, I yield 1 minute to the gentleman from Mississippi [Mr. WHITTEN].

Mr. WHITTEN. Mr. Speaker, I want to say that I just came from the Committee on Appropriations and their figures show that in the last few years something over $6 billion in U.S. gold has gone overseas. I have become convinced that this program not only is wasteful and costly, but that by injecting ourselves into the internal affairs of foreign countries it has become downright dangerous.

I wanted to make this observation at this time, but we will hear more of it when the appropriation aspects of this matter come before the House.

Mr. BROWN. Mr. Speaker, I thank the gentleman very much. I intended in my extemporaneous remarks on this rule to mention the fact that I thought the foreign-aid program has done more to make unfavorable our balance-of-payments position with foreign countries than any other single activity this Government has carried on at any time.

Mr. Speaker, I yield 10 minutes to the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Speaker, first of all I want to compliment the gentleman from Ohio [Mr. BROWN] for the excellent statement he has made in connection with the opening of debate on this annual multibillion dollar giveaway bill. This bill used to be regarded as the credit card and passport to Utopia, but that place in the sun of a foreign Utopia was usurped about 10 days ago by the free trade bill. This is in effect the second major foreign giveaway bill that we will have considered in a matter of about 10 days.

Mr. Speaker, I have asked for this time, although 5 hours of general debate is provided under the rule, because I have had a little experience with what happens when the foreign giveaway bill comes to the House floor. Somehow or other, as with the 8 hours of general debate on the free trade bill, the time disappears and shortchanged quite frequently. I did manage to get 3 minutes during general debate on the free trade bill and I know that when my cousin, the distinguished gentleman from Minnesota [Mr. JUDD], gets busy on the annual foreign giveaway bill, the minority share of the 5 hours of general debate will disappear all too rapidly. So I asked for this time that I may propound a few questions concerning the bill, either to my distinguished cousin, or to some other member of the Foreign Affairs Committee.

First of all, I would like to ask the gentleman from Minnesota or some member of the committee why there is a civil rights provision in the bill?

Mr. JUDD. Because there has been discrimination against American citizens in some countries receiving American aid.

Mr. GROSS. Perhaps the gentleman can help me out with some information in connection with the Alliance for Progress gimmick on page 5. Please note lines 17 through 20:

> The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

Why this delegation of power to the President? This is another untrammeled, unconscionable delegation of power to a President of the United States. Why?

Mr. JUDD. Mr. Speaker, will the gentleman yield?

Mr. GROSS. Yes.

Mr. JUDD. The gentleman will have to ask that question of those who insisted on that language.

Mr. GROSS. Is the gentleman opposed to that language?

Mr. JUDD. Yes, I believe that guidelines should be spelled out for the President.

Mr. GROSS. I will be glad to have his support when I offer an amendment to strike it out.

Mr. JUDD. In committee I offered some amendments that I thought would tighten up and improve some of the conditions in the bill. They did not carry.

Mr. GROSS. On page 8, section 253 under "Fiscal Provisions," does that make this now a revolving fund?

Mr. JUDD. It does with respect to that particular program, title VI, which has to do with the Alliance for Progress.

Mr. GROSS. So that with respect to the alleged loans made to South American countries, if the money is repaid, it does not go back to the United States Treasury; it goes into a bigger and better fund, to be loaned to these people; is that correct?

Mr. JUDD. I do not know that it will be a bigger and better fund but receipts from loans will go back into the fund and can be used for the same purposes for which the original funds were made available.

Mr. GROSS. I presume that is the reason points of order were waived against this section?

Mr. JUDD. That is probable. I hope we will get more money back in repayment of principal plus interest than we spend, and thus make the fund bigger. That would be an outcome devoutly to be hoped for.

Mr. GROSS. Will the gentleman tell me how much is in this bill? How much do you ask be appropriated by this bill? I know the gentleman will be asked this question later, or somebody will be, and we might as well get started now.

Mr. JUDD. The gentleman will find on the second page of the committee report, a summary of the amounts requested, the amounts the committee authorized, and the amounts the committee reduced.

Mr. GROSS. How much is in the bill now?

Mr. JUDD. One billion, nine hundred and fifteen million, four hundred thousand dollars, plus an authorization for development loans in Latin America in succeeding years.

Mr. GROSS. But what is the total of this bill?

Mr. JUDD. It depends on whether the gentleman means what we are authorizing for appropriation right now or whether he means authorization for appropriation in the next 3 years if sufficient evidence in support thereof is presented.

Mr. GROSS. What are you asking for? Is it $4, $5, or $6 billion? It is well above $4 billion, is it not?

Mr. JUDD. Five billion, six hundred and sixty-eight million, five hundred thousand dollars.

Mr. GROSS. Is that an increase over last year?

Mr. BROWN. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Ohio.

Mr. BROWN. I think it should be kept in mind that this $4,668,500,000 that is carried in this authorization bill either directly or indirectly does not include the $6,600 million, the estimated amount which was carried over into this fiscal year of unexpended, perhaps obligated, some of them, but unexpended foreign-aid funds, so that altogether there would be $11 billion involved in the foreign-

aid program carried over and authorized by the bill.

Mr. GROSS. I thank the gentleman.

Mr. JUDD. To make it complete, actually this bill authorizes the appropriation of $1,915,400,000, as I said earlier. The total of $4,668,500,000 is arrived at by adding the $2,753,100,000 authorized last year, as the gentleman will recall.

Mr. GROSS. While the gentleman is on his feet, included in the provision that apparently is designed to stop aid to countries that nationalize or expropriate property, American investments, in foreign countries, we find this language, "unless the President determines such suspension to be inconsistent with the national interest." Does the gentleman agree with that kind of language?

Mr. JUDD. No. I might say that in committee I proposed language which would say that aid would be banned unless the President determines it is vital to the security of the United States. That is stronger, but my amendment did not prevail.

Mr. GROSS. Will the gentleman offer an amendment or support an amentment to knock out this provision?

Mr. JUDD. There may be such an amendment offered. But I hope something like my original amendment will be adopted, because I believe the restrictions should be tighter, but not absolute. I believed that under previous administrations, and I believe so under this administration.

Some will say that we are trying to tie the hands of the President. No, we are trying to give him the authority he ought to have as the person charged by our Constitution with the direction of our foreign affairs, but with the Congress retaining its proper control over these funds. I have said this each year that we have had this matter up and it is a position I still maintain.

Mr. GROSS. Is this not approximately the same language as is contained in the Battle Act, and the Battle Act is almost a dead letter because no President has seen fit to enforce its provisions in the matter of selling strategic materials to Communist nations and Communist satellite nations?

Mr. JUDD. I am sorry we do not have our papers here yet because the Committee on Foreign Affairs is not in charge of the debate at the moment, but it is my recollection that the language of the Battle Act is stronger than this language.

Mr. GROSS. Let me ask the gentleman this question. Was this bill supposed to come up today? Was it not programed for tomorrow? Was not the gentleman under the impression that it was to come up tomorrow?

Mr. JUDD. No; I was advised at least 3 weeks ago that it was coming up today, the 9th of July.

The SPEAKER. The time of the gentleman from Iowa has expired.

Mr. BROWN. Mr. Speaker, I yield the balance of the time to the gentlewoman from New York [Mrs. ST. GEORGE].

Mrs. ST. GEORGE. Mr. Speaker, this bill comes before us again and again, and I can only say when it comes up, as it does, and as it passes every year, I am reminded of a story of a Chinaman who was out in a junk in a fog. He heard a big ship close by blowing its fog horn and he said, "She blow and she blow and she blow, but the fog she come in just the same." And I think the fog comes in here just the same too.

Now we were very successful once in a foreign aid program that I certainly have never quarreled with, and I wish it had been followed more closely thereafter. That was the Marshall plan. The Marshall plan set out to do a job. It set a time limit in which that job could be done and accomplish its purpose. Western Europe today is a monument to the strength of that plan. Since then it has been our custom to continue pouring money out all over the world under the very mistaken impression—and we all agree that it is a mistaken impression—this is no new idea of mine that has suddenly been discovered—we know full well it has not made us friends and on the contrary, in many instances, it has made us ridiculous.

The other day in the Committee on the Post Office and Civil Service we were hearing testimony on raising the salaries of postal and civil service employees. These things have dragged on for many moons. I asked a witness who also happens to be a distinguished member of the Committee on Foreign Affairs how much he thought the most lavish bill for the raising of these salaries would cost this Government and cost us taxpayers? He replied it would amount to $2 billion. I then asked him if he did not believe it would be quite a simple thing to save at least $2 billion in waste in this particular foreign aid bill? And after talking, as we always do, when we are questioned about something that is near to our heart, for several minutes, my distinguished colleague was obliged to admit it would not be very difficult to tighten this thing up and save at the very least $2 billion.

In the minority report, it is stated, and I think wisely so:

> Individual committee members, as well as a committee staff survey team, have made visits overseas within the last year. Their findings are an impressive catalog of poor planning and faulty administration. Nine years ago the undersigned made an extensive trip to study our program abroad. Upon their return they reported that money is the measure of our interest, not the yardstick of our success.

I think that is something that we should bear in mind when this bill comes up for amendment on the floor of this House.

Another thing I think we should look into and also consider for amendment is the whole program for the Alliance for Progress. The Alliance for Progress is a magnificent title. Nobody can oppose it, but I would like to ask the Members of this House to just take a few minutes and ask themselves: What progress? Just recently, since the Alliance has supposedly gone into effect, we have seen Brazil, Argentina, and Peru all go over more and more firmly to military dictatorships. It may well be that military dictatorship is the type of government those countries desire, but it was hardly my idea of an alliance for progress to strengthen and build up military dictatorships south of the border.

(Mrs. ST. GEORGE asked and was given permission to revise and extend her remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts [Mr. O'NEILL].

(Mr. O'NEILL asked and was given permission to revise and extend his remarks and that they appear in the RECORD following those of Mr. SMITH of Virginia.)

Mr. SMITH of Virginia. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House of the State of the Union for the consideration of the bill (H.R. 11921) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 11921, with Mr. MILLS in the chair.

The clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, I yield myself 12 minutes.

Mr. Chairman, the President has asked the Congress to provide $4,878,500,000 for fiscal 1963 to carry on the foreign aid program. In addition, he asked for a total authorization of $2,400 million for the 3-year period including fiscal years 1964, 1965, and 1966 for the Alliance for Progress.

H.R. 11921 deals with only part of these funds. It includes a total authorization of $1,915,400,000 for fiscal 1963 and authorizes appropriations of $600 million a year for each of the 3 fiscal years 1964, 1965, and 1966 for the Alliance for Progress.

In addition to the funds authorized in this bill, the President is asking for $2,753,100,000 against authorizations made last year.

This bill includes authorizations for eight specific purposes. The Executive requested $2,125,400,000 for these eight purposes. The committee authorized $1,915,400,000—a cut of $210 million. In addition, the committee cut the authorizations for 3 future years for the Alliance for Progress $200 million a year—a total of $600 million.

If you add the Alliance for Progress funds for 3 fiscal years after 1963, the total authorization in this bill is $3,715,400,000.

The President's request for funds for fiscal 1963 to finance foreign aid operations is larger than his request last year, $4,762,500 000, and substantially larger than the $3,914,600,000 which Congress appropriated for fiscal 1962.

Mr. Chairman, I am aware that there are those who will say that this bill, authorizing this large sum of money, is not realistic. I have heard it said that the President and the Foreign Affairs Committee should have given consideration to the widespread dissatisfaction with the foreign aid program and to the frequent criticisms of its operation which appear, and that the President, instead of asking for more money than he requested last year, should have reexamined the nature and scope of the foreign assistance program, and that committee, instead of being satisfied with a 10-percent cut in the funds authorized for fiscal 1963, should have insisted on a drastic revision of the program.

Now, I am sure that the President is aware that there is criticism of the foreign aid program, and I can assure the House that the Committee on Foreign Affairs not only is aware of this criticism, but as a result of its own investigations, has assured itself that at least some of the criticism is justified.

Let me say a word about the nature of these criticisms and the extent to which they are justified.

One category of criticism is that we are going at the job of fighting the cold war, carrying on our foreign policy and operating the foreign aid program in the wrong way; that our generalship is bad, and that our money is being spent for the wrong things.

Most of the other criticisms have to do with waste, inefficiency, and poor management in the conduct of foreign aid operations.

The attention given by the press and by commentators to the words and the acts of the leaders of Yugoslavia, Indonesia, India, and some of the recently emerged African countries, tends to leave the impression that most of our foreign aid money is being spent for the benefit of governments who do not appreciate it, who are not sure whether they are for or against communism, and who find more that is wrong with U.S. policy than that there is to approve.

Now let me urge the Members of the House to be realistic and to face the facts. This bill contains an authorization of $440 million for what is called supporting assistance. Seventy-five percent of this total is programed for five countries which are cooperating with the United States in maintaining military forces for defense against Communist aggression which forces are substantially larger than these nations could afford to support if they had to depend on their own resources. I am talking about such countries as Turkey, Korea, and Vietnam. All five of these countries to which 75 percent of the supporting assistance money goes are on the edges of the Sino-Soviet empire and are directly faced with the threat of Soviet aggression.

Is it bad strategy to provide economic aid to these nations which have allied themselves with us in standing up against Communist aggression and which count on our support? I do not believe that there is anyone who feels that it would be sound cold war strategy to abandon these governments by terminating our assistance to them.

Mr. GROSS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Seventy-four Members are present, not a quorum.

The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 148]

Addabbo	Friedel	Morrison
Alford	Giaimo	Multer
Andersen, Minn.	Gilbert	Murphy
	Glenn	Nix
Anfuso	Granahan	Norrell
Auchincloss	Grant	Osmers
Baker	Gray	Peterson
Barrett	Green, Oreg.	Philbin
Barry	Green, Pa.	Pike
Bass, N.H.	Griffin	Pillion
Bennett, Mich.	Hall	Powell
Betts	Hansen	Price
Blitch	Harris	Purcell
Boggs	Harrison, Va.	Rains
Bolling	Harrison, Wyo.	Randall
Bonner	Hays	Reece
Boykin	Healey	Riley
Brademas	Hemphill	Rivers, Alaska
Bromwell	Hiestand	Roberts, Ala.
Broyhill	Hoffman, Ill.	Robison
Buckley	Hoffman, Mich.	Rodino
Byrnes, Wis.	Horan	Rogers, Tex.
Cahill	Ichord, Mo.	Rosenthal
Carey	Jennings	Rostenkowski
Celler	Jones, Mo.	Saund
Chelf	Kearns	Scranton
Church	Keogh	Selden
Coad	Kilburn	Shelley
Colmer	King, Calif.	Sheppard
Cook	Kitchin	Shipley
Cooley	Kluczynski	Smith, Calif.
Corman	Knox	Smith, Iowa
Curtis, Mass.	Kowalski	Spence
Davis, James C.	Laird	Taber
	Landrum	Teague, Tex.
Davis, Tenn.	Lane	Thompson, La.
Dawson	Lesinski	Thompson, N.J.
Delaney	Libonati	Thornberry
Diggs	McCulloch	Tuck
Dingell	McSween	Utt
Donohue	Macdonald	Vanik
Dooley	Magnuson	Van Zandt
Evins	Martin, Mass.	Wallhauser
Farbstein	Merrow	Whalley
Fino	Miller, George P.	Wickersham
Flood		Willis
Fogarty	Miller, N.Y.	Wilson, Calif.
Fountain	Minshall	Wright
Frazier	Moorhead, Pa.	Young

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 11921, and finding itself without a quorum, he had directed the roll to be called, when 290 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. MORGAN] is recognized.

Mr. MORGAN. Mr. Chairman, when the Committee rose, I was discussing supporting assistance. The normal category of supporting assistance also includes a small amount of money we pay a few governments for oversea bases. This amounts to about 77 percent of the money in supporting assistance.

Again I want to say I do not believe anyone will argue that foreign aid money has been misspent when it provides economic assistance so that we may have military bases located in strategic locations overseas.

This category of supporting assistance also includes a small amount of money for those few governments who insist on some sort of compensation on the part of the United States for the right to maintain military bases within their territory. Most of the foreign nations where we have bases do not require such compensation. They regard themselves as our allies and are glad to make such contributions as they are able to the common defense. But, there are a few nations who are not allied with us and who take the position that we must do something for them in return for the right to maintain our bases.

Let me say again that I do not believe there is anyone who would argue that our foreign aid money is being misspent because we provide economic assistance to countries in order to have military bases at strategic locations overseas.

The largest authorization contained in this bill is $600 million for the Alliance for Progress for fiscal year 1963, together with authorizations of similar amounts for the fiscal years 1964, 1965, and 1966. I wonder how many critics of our cold war strategy are prepared to argue that it is a mistake for us to offer substantial economic assistance to our Latin American neighbors.

Everyone is aware of the widespread dissatisfaction and unrest among the masses of the population in that area. Everyone is aware that the Communists are going all out to take advantage of this unrest in an effort to follow the Cuban pattern in other Latin American countries. The President is giving top priority to the effort to prevent Latin America from going Communist, and I am sure there are very few people who disagree with that policy. I am sure that the Congress and the American people want the President to have all the money that he can use effectively for this purpose.

This bill also includes an authorization of $300 million for development grants and technical assistance. This category of aid provides the funds for continuing the point 4 type of operation. This money goes to the less developed countries which lack the engineers, technicians and other skilled personnel to evaluate and develop their resources. Many of these countries are just starting out as independent nations. Their governments are inexperienced and unsophisticated. Many of them do not know much about the evils of international communism and most of them are more afraid of foreign domination than anything else.

In general, it is our policy to assist such nations with their economic development without insisting that they sign up with us in the cold war. If we do not offer them this opportunity, the only alternative would be for them to follow the road leading to communism, not by deliberate choice but by force of circumstances.

The other large authorizations in this bill are $275 million for the contingency

fund and $148,900,000 for U.S. voluntary contributions to a number of international organizations.

There are a few who fail to recognize that in the world in which we live, where almost every day we face a new crisis, a contingency fund for dealing with unforeseen emergencies is absolutely necessary. There can be disagreement as to how large such a contingenry fund should be. Experience with the use of the contingency fund in the past indicates that much of the contingency fund money has been spent for purposes other than meeting emergencies. With this in mind, the Committee on Foreign Affairs cut the Executive request for $400 million for the contingency fund to $275 million. We believe that this amount can be justified as a necessary provision so that we can meet new problems promptly when they occur.

The sum authorized for U.S. contributions to international organizations is determined by the budgets voted by these organizations to which the United States belongs. If we fail to make these contributions, we will be regarded as being in default. In view of the present world situation, this would be a bad time to find ourselves in such a situation.

Mr. Chairman, I believe that I have amply demonstrated that if you take a realistic look at the money in this bill in terms of cold war strategy, we are not authorizing its expenditure for the wrong things.

We cannot win the cold war if we abandon our military allies.

We cannot win the cold war if we pull out of the Alliance for Progress and tell our neighbors to the south that from now on they must go it alone.

We cannot win the cold war if we drive the new countries of Asia and Africa into the Soviet bloc.

I do not mean to say or to imply that there are no valid criticisms of the use of our foreign aid money. I think we should always treat our friends and allies better than we treat governments who constantly complain about our policies and straddle basic issues. We should make sure that governments which expropriate U.S. property without prompt and adequate compensation do not find that they are better off as a result. Let me point out that this bill contains a comprehensive and carefully worked out provision dealing with this matter.

I believe that Congress has not only a right but an obligation to make known to the Executive how it stands on policy as well as on practice. In this connection let me remind you that existing law clearly expresses the opposition of Congress to providing aid to Communist countries and to giving assistance to Yugoslavia. Let me make the point, however, that it is one thing to make the President aware of the position of the Congress on important issues, but it is another thing to tie the President's hands so that he cannot take necessary action to meet critical problems.

We all recognize that we cannot spell out in legislation the strategy and conduct for a hot war, and I am convinced that this is equally true of a cold war. Congress cannot see in advance what will happen nor determine the appropriate action to take.

One particular danger which we should avoid is for the Congress to take action which will drive any nation into the Soviet bloc. If a government, after waivering, bargaining, or maneuvering, makes its own choice to join the Communists, we can regret such action and perhaps feel that our policies have failed. There is no advantage to the United States, however, in forcing a waiverer to stop waivering and to go Communist.

Mr. Chairman, let me say a word about waste, inefficiency, and poor administration in connection with the foreign aid program. I can report with confidence that the Foreign Affairs Committee is reasonably well informed on such matters. We have, during the last couple of years, added to our staff two top accountants with years of oversea experience with the General Accounting Office, and we receive from them continual reports of deficiencies in our foreign aid operations. Some of these reports have been published. We take up with the Executive all the evidence of waste and inefficiency which we collect, and then from time to time check up on the remedial action which the administrators of our foreign aid program have taken.

In this connection, let me point out one thing: All the 20 top officials of the Agency for International Development are new and many of the chiefs of the oversea missions are being replaced. If new blood is needed to correct the shortcomings of the program, we are getting it.

I do not think we should expect miracles. The new people are finding the going harder than they anticipated. It takes skill and experience to run a foreign aid program, and there are not enough qualified people. The new officials are beginning to take hold, however, and the committee has found them receptive to our reports. They appear to be more anxious to correct deficiencies than to defend past actions. I believe we can look to an improvement in the administration of the program.

No one is ever satisfied with the progress of a war while it is being fought. Victory is the only conclusive evidence that our strategy is right. The way to cure dissatisfaction with our cold war effort is not to quit or to reduce our effort. There were a lot of dissatisfied people in this country in the trying days of 1943. A cold war must inevitably be long drawn out. The way to get quick and decisive results is to change the cold war to a hot war. We have to reconcile ourselves to the frustrations of the slower and less decisive course which all of us prefer.

Mr. Chairman, in closing, let me say that this is a realistic bill. Let us face the facts concerning foreign aid, but let us face all the facts. The big money authorized in this bill goes to key programs, the vital importance of which everyone must recognize. You cannot carry on a cold war without money, and you cannot win the cold war without foreign aid.

Mr. HARSHA. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Ohio.

Mr. HARSHA. I would like to ask the gentleman in regard to this $148.9 million appropriation for fiscal 1963. Is not a great majority of that sum to be used by the United Nations in its programs?

Mr. MORGAN. It is used by international organizations most of which are affiliated with the U.N. The United Nations Children's Fund is included. The United Nations economic assistance to the Congo is here. Our contribution to the United Nations Technical Assistance Fund is in here.

Mr. HARSHA. The great bulk goes to the United Nations?

Mr. MORGAN. It goes to the international organizations to which we belong.

Mr. HARSHA. In addition to that, we have our assessed share for the support of the United Nations.

Mr. MORGAN. Yes, we have our regular assessment to the United Nations, not included in this fund.

Mr. HARSHA. How much does that amount to?

Mr. MORGAN. Thirty-two percent of the budget. The budget of the United Nations is about $74 million, and 32 percent would be our assessed share.

Mr. HARSHA. In addition we contribute to some 65 different international organizations for which funds are not in this bill; do we not?

Mr. MORGAN. We belong to many international organizations, funds for which are not included in this bill; that is correct.

Mr. HARSHA. And those funds vary with the different departments' and agencies' budgets; do they not?

Mr. MORGAN. That is correct.

Mr. HARSHA. Does the gentleman happen to know how much they amount to?

Mr. MORGAN. Many of the annual budgets are smaller amounts. I would not know the total, sir.

Mr. HARSHA. This sum does in no way reflect upon the so-called bond issue; it is not commingled with the bond issue. That is to be in addition to these funds?

Mr. MORGAN. That is to be in a separate piece of legislation. None of the funds in this bill are for the same purposes as the bond issue.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Indiana.

Mr. ADAIR. Along the line of the questions just put, is it not also true that out of the President's Contingency Fund sums may be paid to the United Nations or its agencies?

Mr. MORGAN. The Contingency Fund could be used for this purpose to meet emergencies.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Iowa.

Mr. GROSS. Has the United Nations raided the United Nations Children's Fund, UNICEF, lately for money to support the United Nations?

Mr. MORGAN. I think there has been some borrowing from some of the international funds. I am not certain whether the Children's Fund has been involved or not.

Mr. GROSS. Well, it has been in the past, I can say to the gentleman. Money has been taken from the Children's Fund. I thought this was a sacrosanct fund; that it was for the purpose of aiding children of the downtrodden all over the world, and yet we find it goes to the support of bar north and bar south at United Nations headquarters. Does the gentleman think it is good business to allow the Children's Fund to be used to aid this polyglot setup in New York?

Mr. MORGAN. I think there has been a small amount borrowed from the Children's Fund.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Minnesota.

Mr. JUDD. We have been assured that borrowing from those various funds took place only when the U.N. faced a situation such as a businessman faces when he has a major payment coming due on the 1st of July and he runs out of cash 30 days or so ahead of that date. He goes to the bank and gets a 30-day loan to carry him over until his payment will be received. We were told that the borrowings from these various funds, which I myself do not like even in these circumstances, were due to the fact the U.N. was short of money because of the Congo and other operations. They knew that certain payments were coming due on certain days in the near future, and they borrowed funds which were not needed at that time by the Children's Fund and several others to carry the U.N. through until the regular payments were received.

Mr. GROSS. Mr. Chairman, will the gentleman yield so I may ask the gentleman from Minnesota a question?

Mr. MORGAN. I yield to the gentleman from Iowa.

Mr. GROSS. Have we been oversupplying UNICEF with money to the extent that it has such funds that it can finance these super-duper organizations?

Mr. JUDD. No, I do not think we have been oversupplying them. But UNICEF expenditures were so scheduled that the money was not going to be needed until some months later, which happens in the operations of any organization.

Mr. GROSS. If the gentleman will yield further, what happens to the poor children who are starving?

Mr. JUDD. I can assure the gentleman from Iowa that no funds that were programed for taking care of children during the particular period were taken away and used for other purposes, even temporarily.

Mr. GROSS. The gentleman says none of the funds were taken away, even temporarily?

Mr. JUDD. No; I said that funds that were needed for care for children in that period of time were not taken away and used for other purposes, even temporarily.

Mr. GROSS. Well, evidently the need is not very great.

Mr. JUDD. The need is spread over a period of 12 months. When it receives its money in the beginning of the year, it does not need some of that money until the 6th, 8th, or 10th month and, therefore, some of the funds were available for temporary use for other purposes. None of the operations of UNICEF or specialized agencies were in anywise impaired, so we were assured.

Mr. BALDWIN. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from California.

Mr. BALDWIN. Even though it has been stated by the gentleman from Minnesota [Mr. JUDD] that the borrowing from UNICEF has not actually affected the operations of UNICEF, it has caused serious doubt throughout the United States over the whole procedure under which the UNICEF funds are administered. For example, I think every Member present knows that on Halloween there was a concerted drive, nationwide, to get youngsters to go around the various districts with collection boxes for UNICEF. Many of these little children were being subjected to very serious objections this last October because of the reports that had been heard about the funds being diverted to other parts of the United Nations; that if the United Nations desires to protect this source of voluntary contribution, it seems to me that the Foreign Affairs Committee should make the Department of State fully aware that this source of voluntary contribution is likely to be greatly restricted or eliminated if they use these funds for any other purpose, no matter how soon they are paid back.

Mr. MORGAN. It is my understanding that the borrowing was from the balance on hand collected from the regular assessment, and was not from the funds collected by voluntary contributions. The borrowing was from the regular assessments paid by the countries. This would include the assessment of $12 million, paid in by the United States. But the borrowing was not from the voluntary contributions that went into the UNICEF fund. The borrowing was only from funds on hand but not yet needed by the children's fund to pay its expenses. It was able to pay its bills when they came due.

Mr. WINSTEAD. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Mississippi.

Mr. WINSTEAD. I would like to ask about section 101 of the bill. Are we inserting some new language in this bill on page 2 thereof?

Mr. MORGAN. If the gentleman will go back to the Ramseyer print of the bill he will see that this is just an extension of the "freedom of navigation" amendment that was written into the original act.

Mr. WINSTEAD. I do not understand who is going to make judgment on the question whether a community or a country discriminates against some of our citizens because of race, creed or color. Who will make that decision, the State Department?

Mr. MORGAN. Under this provision the Secretary of State would make the determination.

Mr. WINSTEAD. What is the necessity for the additional language?

Mr. MORGAN. We have had Members of the U.S. Congress who have traveled in various areas of the world and were refused entrance to certain countries which are receiving our aid under this program.

Mr. WINSTEAD. I will be frank with the gentleman. I do not know that I want to interfere very much with some of those countries, but I do not see the necessity of having this language in this bill. We have not been carrying that language. This seems to me to be nothing more than political propaganda at home to try to satisfy certain groups of people broadcasting all over the world that there is a great deal of friction and confusion here, that does not exist. I do not see any sense to it myself.

Mr. MORGAN. The committee has received testimony that Members of Congress traveling on official duties were refused admission to two or three countries in the Middle East.

Mr. WINSTEAD. What kind of official duties were the Members performing when they were refused admission?

Mr. MORGAN. A Member of Congress was refused entrance to several countries in the Middle East.

Mr. WINSTEAD. Why should we continue to give them aid? We can withhold aid, if the conditions justify it, without writing this provision into this bill.

Mr. MORGAN. This amendment puts a limitation on the aid, if the condition continues.

Mr. WINSTEAD. I do not see why we need an amendment. It seems to me we should have enough judgment ourselves to cut off aid if our officials have been mistreated by some other country.

Mr. MORGAN. Under the amendment, we are supposed to take into account such discrimination in determining the amount of aid we make available.

Mrs. KELLY. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentlewoman from New York.

Mrs. KELLY. Mr. Chairman, at this point I want to congratulate my chairman for the magnificent way he handled the committee during the consideration of this bill. I should like to comment on the matter just brought up. I am one of those who has been long opposed to any aid to countries behind the Iron Curtain, and to any country which did not live up to those principles on which our country was founded.

With reference to the Member of Congress or several Members of Congress who sought to go into certain areas of the Middle East, and whose right to do so was questioned because of their religion, that was the issue which we attempted to deal with in this section of the bill.

I offered an amendment which would cut off all aid to any country which did not respect the principles of freedom of travel, freedom of the press, freedom of worship, and the like, which are written

into our Constitution and which were reinforced and reaffirmed in the first 10 amendments thereto.

The committee adopted a rather strong amendment on this subject in the hope that the countries of the world would endeavor to eliminate infringements on those freedoms and permit American citizens to travel freely to all the countries of the free world. I believe that amendment is in the bill before us, and I support it, although I wish it were more strongly worded; is that correct?

Mr. MORGAN. That is correct.

Mrs. KELLY. I thank my chairman.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. Mr. Chairman, the gentleman has discussed previously with the gentleman from Oklahoma the very helpful assistance which the Agency for International Development has rendered during the past year through the medical assistance and health program known as Project Hope. In a previous discussion of this legislation in the last Congress another spokesman for the committee, the gentleman from Ohio, Mr. HAYS, made it very clear that funds within this bill were available under the provisions of section 214(b) involving American schools and hospitals abroad to assist in endeavors such as Project Hope. Some of the assistance which has been given to Project Hope during the last 12 months, as I understand, has come from contingency funds. I wanted to make sure in the discussion which the gentleman has given with regard to contingency funds that the committee still holds to the position which it stated earlier that these funds should be made available to Project Hope when merited.

Mr. MORGAN. That is correct. As I remember it a small amount of contigency fund money was used to fix up the vessel which was used but I am not sure whether this was during the last 12 months. I am familiar with the Project Hope. I watched the mission last year, and I am very familiar with their present mission. I feel that the money has been well used and I support the project.

Mr. HARSHA. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Indiana.

Mr. HARSHA. Did I correctly understand the gentleman to say there were some uses of the contingency fund which the committee found were not proper, or at least were subject to criticism?

Mr. MORGAN. That is correct.

Mr. HARSHA. Will the gentleman tell us what those uses were?

Mr. MORGAN. They are referred to in the committee report. The primary objection has been that some of the uses of contingency fund money did not involve emergencies, one of the uses we felt was doubtful was buying two bookmobiles for one small country. Another was using some of the contingency fund by transfer for administrative expenses.

Mr. HARSHA. Does the gentleman know how much these misuses amounted to?

Mr. MORGAN. They were a very small amount of money. I do not know exactly.

Mr. HARSHA. Was there any gift of money to a country named Samoa?

Mr. MORGAN. Yes, I believe that is where the two bookmobiles went.

Mr. HARSHA. I thank the gentleman.

Mr. AVERY. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Kansas.

Mr. AVERY. I think the gentleman may have been on the floor when I spoke on the rule. I expressed some apprehension then that this sugar program is being commingled with our mutual assistance program. Does the gentleman have any concern about that? Does he think it is a good policy to commingle these programs, or does he think it is so being administered?

Mr. MORGAN. I am absolutely opposed to commingling our sugar policy with the mutual security bill.

Mr. AVERY. We considered the conference report on the sugar bill the other day, on a Saturday, as I recall. It was my understanding that bill was to provide all of the doemstic demand that would be appropriate for sugar each year for the next 5 years. Yet we learn that the other body is bringing an amendment back here on a different House bill to provide another 150,000 tons of sugar. If we already have as much as we need, what else would that be but mutual security?

Mr. MORGAN. I think there has been some criticism from the Latin American countries as to their quotas under the legislation passed by Congress a week ago Saturday. I am opposed to any attempt to tack it onto this legislation.

Mrs. KELLY. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentlewoman from New York.

Mrs. KELLY. I should like to say at this point I would enjoy very much having the sugar bill brought here. I guarantee that all countries which are anti-Communist would receive their proper quotas.

I would also like to urge that the Public Law 480 programs be brought under the jurisdiction and review of the Foreign Affairs Committee. There is a great deal of misunderstanding about those programs. There is a great deal more money spent under Public Law 480 and relevant programs for the support of our domestic agriculture than under the foreign aid bill. Over the years, Public Law 480 has been the real means for accumulating local currencies abroad for our Government. So I think those opposing this bill, who come from those areas of our country where the agricultural surpluses are so great, should consider their vote on this because of the very fact that the foreign aid programs aids and encourages the disposal of our farm surpluses abroad under Public Law 480.

Mr. AVERY. If the gentleman would yield, I would like to make this observation. I am not particularly opposed to giving further consideration to these certain Latin American countries as far as sugar quotas are concerned, but I am becoming frustrated, if you please, I have been trying to support the Committee on Agriculture, and we came in here with two different bills and now we are told that neither of these bills is acceptable so far as the State Department is concerned. I assume they are bringing out an arrangement now under the mutual security bill, and then I object to it.

Mrs. KELLY. I am not aware of the situation to which the gentleman refers.

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The gentleman from Pennsylvania [Mr. MORGAN] has consumed 29 minutes.

Mrs. BOLTON. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, it is always interesting to come into the well of this House on this bill, we find so few people here. It is particularly interesting this year because so few people seem to want to speak on it. Is it a demonstration of an apathy that can be very dangerous to the future of our country to say nothing of the future of the world? If so, one would certainly regret this being the case.

The debate on foreign aid is just like the usually hearty annuals, the perennials and the decennials. It comes up and up and up each year, and each year somebody gets up, as one of my very distinguished colleagues from Ohio did, and says, "We were told long ago that if we did this and this and this, it would be over in a short time—2 years or 5 years or 10 years." We may have been told that by a few people, but anybody with any commonsense and any knowledge of the situation in the world would not have thought it—much less said it. The whole world went down into a very deep hole in its swing toward a new way of doing everything. We pulled some of it out with the Marshall plan. We pulled some more of it out with the Greek-Turkish aid program. Otherwise, Europe would have been Communist without any question or doubt. Surely that is not anything to be ashamed of, rather should we be exceedingly proud. Of course, the fact is that we have made mistakes—who does not make mistakes? Do you think the Standard Oil Co. and a few of the big concerns all over the world do not make mistakes? Of course, they do, and they lose money. They lose some of their good personnel. Well, so do we; and I do not think this is so different that it should make someone get up and say that we had better stop it all.

There have been a great many arguments made in the course of the years about our deficiencies—the deficiences of the program—its failures, its frustrations, its expectations. Seldom is anything said about its accomplishments. But our world is what it is today because we have given other countries aid. It seems to me that it would be very well if more people would leaf through the pages of the CONGRESSIONAL RECORD and find out some of the cold facts—some good and some bad—and come up with

a little clearer picture in their minds of what is going on in the world.

It is invariable that the debate coincides with some dramatic crisis or some development abroad. This year is not any exception. The proponents seize on these events to argue that we must not weaken now while the opponents are equally firm in arguing that foreign aid has not produced the kind of world that we want or that we expected it would.

I find it helpful in formulating my own views to back away from the discordant events of the present to take a longer view.

If we could first know where we are and whither we are tending, we could then better judge what to do and how to do it.

These words were uttered a hundred years ago by Abraham Lincoln but they sum up the dilemma we face today. They are an eloquent plea for perspective—an ingredient that is so often lacking in our debate on foreign aid.

I leave to others to discuss the details of the bill before the House. My concern is whether the foreign aid program addresses itself to the symptoms or to the causes of our international problems.

The symptoms show themselves in the daily crises that span the headlines. The harassed citizen, preoccupied with his immediate problems, despairs of understanding and impatiently urges settlements and expects solutions. The ordinary citizen has a very hard time these days. I know we are all getting letters from him. He is frightened, he is discouraged, he is frustrated, he does not like what is going on. He does not know how to put his finger on just what it is or where it is. It is pretty hard for any of us in the Congress to put our hands down and pick up the quicksilver that is running around all around us, but I would think that anybody who really looks at life as it is today would realize that we are living in a century of constant ferment, and that peace will be the exception and not the norm in our lifetime. I doubt if even the youngest of the Members here on the floor today will live to see any kind of real peace. That I can promise you.

As I analyze our foreign aid program over the years it is directed toward dealing with the two great challenges of our time. First is the persistent pressure of communism; and second, the developing world of new nations.

As individuals and as a Nation we are "against" communism. But what is the nature of our oppsition? Too often it consists only of strong words and vigorous resolutions of denunciation. Many of us make ourselves into the "paper tigers" the Communists claim we are. We continue to refuse to face up to the facts of today and not admit that we are in a state of war. It is a state of war that neither words nor righteous indignation will halt. It is war.

This is a struggle of minds. I have contended for a long time that we have not prepared ourselves or our oncoming generation at all adequately. The Russians have, and unless we take a leaf from their book—and we should not be ashamed to do so—and find ways to outdistance them right speedily, we will be in a pretty pass. We are still arguing about whether schools shall teach anything about communism—it might be too dangerous. The only safety we have is to know everything we possibly can know about communism. The only security we can give our young is knowledge of what communism means, what it is, what it does to the countries it controls; and the answers here are in a passionate understanding of what it is that we as Americans believe and practice.

History furnishes us numerous lessons upon which we ought to draw. The relentless refrain of Cato that "Carthage must be destroyed" went unheeded by those who thought they had reached a settlement with Rome.

For more than a century Rome and Carthage coexisted. The Carthaginians carried on business as usual at the same time that they doubted Rome's ultimate objective. And Carthage was leveled. Does this contain a moral for us when Khrushchev says he will "bury us"? Or do we take comfort in his camaraderie with Benny Goodman at a Fourth of July reception?

But the lesson does not end there. Rome itself was the source of law, the possessor of technical skills that made possible roads and aqueducts, the progenitor of public administration that wove distant lands into an empire. By any standard of its time Rome had a gross national product. Yet none of these qualities saved it from the ravages of the Vandals and the Visigoths who substituted determination and weapons for a gross national product. That is a lesson we had better look at.

At other times other civilizations and countries succumbed to the pressures of those whose resources were sparse and whose talents were less developed. Nations with a high standard of living have been extinguished by nations with a low standard of living.

Mr. Chairman, the simple fact is that we are in a state of war today as much as we were on December 7, 1941. The present struggle demands of us the same sustained determination to fight to a finish. It is not enough that we arm ourselves. The global character of the conflict requires that we deploy our resources in concert with those who share our views and values.

It seems to me it is quite impossible to continue the vacillating point of view that we have today. We must know what to think, what we believe, and we must go after it.

The second and more recent focus of our foreign aid program is directed toward the emerging nations. The speed with which old imperial bonds have been replaced by new political entities is unparalleled in history. Some of these new nations may regroup themselves much as the scattered colonies of our own country found greater strength in unity. What is important is their growing recognition that the maintenance of a political form of their own choosing is contingent upon the effectiveness of their domestic policies.

Just to say they should not have become nations, that they should not have been taken into the United Nations overnight, as they were, does not help. I was in the United Nations in 1953 at the Eighth Assembly, and I tried my utmost then to get the four or five large countries to sit down and see what could be developed by way of better leadership in the United Nations itself so that it would not happen as it has happened, that every little nation would come in and have as much to say as we.

Are these new nations going to draw their inspiration from us? from the Chinese? or from the Russian Communists?

The real and pressing confrontation of capitalism and communism is not in Washington or Moscow. It is in the scattered capitals of the underdeveloped countries around the world.

It is difficult for us, committed as we have been to the strength of private initiative, to acknowledge and to participate in programs that are laid in a governmental framework. The simple fact is that for most of these nations there is no acceptable alternative to a large role for government. The challenge this poses for us is to direct our efforts in their development so that there will ultimately emerge social and economic institutions compatible with our interests. It took us 11 years, did it not?

It is easy to dismiss a concern for these countries, to belittle their efforts and to discount their potentialities. Yet these are the uncommitted one-third of the world's population. Is it not in our interest that we accept the challenge to provide them with leadership and assistance in this formative period of their national life?

Of necessity these countries must temper their traditional outlook in the light of their new responsibilities. But so must we. The imagination and inventiveness which mark our scientific and technical advances must be applied with equal zeal in our assistance programs. We can plan with purpose for a better world. We did that when we undertook the Marshall plan. Our European allies are doing that in the process of developing the Common Market. The enlarged dimensions of the problems posed by the underdeveloped countries are not beyond our capabilities or capacity. I can think of no better way to hasten the abandonment of communism than to encourage the abundance of capitalism.

Mr. Chairman, in closing may I just say this: The foreign aid program has had its shortcomings. Committees of this House as well as individual Members have revealed some of them. I have no doubt that others will be dilated upon in the next few days. When deficiencies have been exposed in our agricultural or space programs, have we scuttled those programs? No. We have tried to eliminate the weaknesses. The Committee on Foreign Affairs does not propose to scuttle its program, but it does propose to strengthen and to cut out the weaknesses and to change the personnel, where necessary, to do everything that is humanly possible to make this a constructive force in the world.

If we measure our national interest in decades and even centuries rather than months or years, are we not bound to employ our resources and skills wherever we find the opportunity? We have to devise a grand strategy that will encompass those principles in our domestic and our foreign policies that best serve our national interest.

Barbara Ward has eloquently observed that it is incumbent upon us to "challenge communism at its most vulnerable point, saying to the world, we can give you cooperation, abundance, growth, more equal sharing—and we can give you freedom, too."

Mr. KYL. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON. I yield to the gentleman from Iowa.

Mr. KYL. The gentlewoman from New York [Mrs. KELLY] a moment ago stated, if my memory is correct, that the aid given by the United States to foreign countries under Public Law 480 probably exceeds the total of the other foreign aid. Is that a true statement?

Mrs. BOLTON. I believe it is a true statement. In addition to that, she did not say that Public Law 480 really was started by the Committee on Foreign Affairs and should never have gone from there. But, as is often the case in fights between committees, we lost out. Had it remained with us, we would have been able to control it.

Mr. KYL. Now, pursuing that just a little further,before the trade bill came to the floor, and visiting with people from the State Department, I was informed by some of those people that exports under Public Law 480 were counted as actual exports from the United States; in other words, this would indicate a discrepancy in figures on one side or the other, would it not?

Mrs. BOLTON. I would think so.

Mr. KYL. Now, again pursuing it just a little further, the gentlewoman has again said that this program has had many shortcomings. I suppose there are many Members of this body who have the same basic feeling that I do, that a certain amount of this type of effort is a necessity, but I have difficulty in making up my mind to vote for this legislation each time it comes before us when we always have these admissions of inefficiency. Now, I am not talking about the errors that result from calculated risk, where something goes wrong and we do not get the benefit we thought we might. I am talking simply about the administration, the inefficiency, the things which were brought out by the Hardy Committee, for instance; the Cambodian situation, where Communists actually got credit for work done by the United States with U.S. materials.

How has this bill been written to remove these inefficiencies or the waste which has been a part of this program in the administration of the program?

Mrs. BOLTON. May I say this to the gentleman from Iowa [Mr. KYL]: The mistakes are very difficult sometimes to find. I have always been very grateful to the Hardy subcommittee for its work. We who are members of the Foreign Affairs Committee do not have a large enough staff which we can send out to make these investigations. Personally, I think our staff should be very much larger and should include the kind of men who could go out and do that kind of investigating. I realize the fact that everyone feels a little upset when this bill comes around for us to vote on it.

Mr. KYL. If the gentlewoman will yield further, in the present financial condition of our country, with the worries that we have about balance of payments and all the rest which we need not elaborate upon, we cannot tolerate this inefficiency in administration, can we? Why cannot we write something into the bill that will prevent this sort of thing that goes on year after year after year?

Mrs. BOLTON. I am sure the committee will be very happy to have the words from the gentleman from Iowa, but I might say that there has been great effort made on the part of the administration in this direction. We have new heads of AID. There has been a new head to come along for these various agencies, and each time he is supposed to be a miracle worker; he was going to change everything and make it all come out all right, and there would not be any more mistakes. But that has happened right on. You see, the miracle worker has not been found. I think we are, in a way, closer to it now because we see more clearly the circumstances.

Mr. KYL. If the gentlewoman will yield further, am I right in noting that there is nothing new in this bill which should eliminate these evils of waste and inefficiency in the administration of this program?

Mrs. BOLTON. I think it would be quite impossible to put in a paragraph which would accomplish that purpose.

Mrs. KELLY. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON. I am delighted to yield to the gentlewoman from New York.

Mrs. KELLY. Mr. Chairman, I would like to take this opportunity to compliment our distinguished colleague from Ohio for her efforts in behalf of this program over the years, for her continuing interest in the undeveloped nations, as well as for her reports on her trips to those countries which she undertook at her own expense, which have been most helpful to those of us who are members of the Committee on Foreign Affairs.

Mr. Chairman, I would like to, if possible, answer the question which the gentlewoman from Ohio was just asked, and to enlarge upon my earlier statement. Since the enactment of Public Law 480, $15,796 million worth of surplus farm commodities, valued at the Commodity Credit Corporation costs, have been disposed of under the authority provided in that law. Most of those surpluses were disposed of abroad. In this same period of time, we have provided approximately $13 billion worth of economic aid to our friends abroad. In many respects, the two programs—the Public Law 480 program and the foreign aid program—have gone hand in hand. Foreign assistance has frequently helped to develop markets for our farm surpluses. On the other hand, title I sales under Public Law 480 have resulted in the accumulation, by our Government, of local currencies. These local currencies are spent to pay our expenses in those countries, to develop the economies and, we hope, to benefit the people of those countries. So, I am in favor of that particular program. I am, however, against selling the surplus products of our country under Public Law 480 to any Communist nation or Communist government. I would endorse giving it to those countries, and have in the past voted for Public Law 480 contributions, on grant basis, for the purpose of combating famine, and under the condition that they were distributed there by us with due credit to the United States. I will support an amendment to forbid further sale of Public Law 480 products to any Communist nation.

Mrs. BOLTON. I thank the gentlewoman for her contribution.

Mr. CONTE. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON. I yield to the gentleman from Massachusetts.

Mr. CONTE. Mr. Chairman, I want to take this opportunity to compliment the gentlewoman from Ohio for the constructive statement she has made here on the floor of the House today, and to commend her for her dedication to the people, the underprivileged people of the world, and to the underdeveloped nations of the world, and the newly independent nations. I wonder if the gentlewoman would agree with me that the Congress, and the people of our country as a whole, are generally in favor of appropriating this year close to $50 billion for the defense of this Nation, which is a defensive approach? Yet, many have reservations when a small percentage of that $50 billion is appropriated for an offensive action instead of a defensive action. Does the lady agree with me that this has a great deal of merit; that a small percentage of the $50 billion that we appropriate for the defense of this Nation should be appropriated for offensive action against communism throughout the world?

Mrs. BOLTON. It is a very helpful thought.

Mr. CONTE. I recall when I was playing football in college our coaches taught us that the best defense was a good offense.

Mr. GALLAGHER. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. Mr. Chairman, I would like to compliment the lady on her discussion of the bill. Also I should like to add a word to what she has said concerning the efforts of the committee to eliminate waste and inefficiency. On page 2 of the report the committee points out some of the action that was taken in the past to eliminate inefficiency where it was found; and also that the Office of Inspector General was an office that came about as a result of the insistence of the Committee on Foreign Affairs.

Mrs. BOLTON. I thank the gentleman very much.

Mr. BEERMANN. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON. I yield.

Mr. BEERMANN. I was wondering about the $15 billion that was given away under Public Law 480, or sent abroad under Public Law 480, whether if the Committee on Foreign Affairs took over jurisdiction of Public Law 480 they would also take over the responsibility, in their authorizations, for charging the $15 billion to the Committee on Foreign Affairs rather than the Committee on Agriculture.

Mrs. BOLTON. We tried our best to do that in the beginning, and we were worsted in the battle.

Mr. BEERMANN. Of course, the Committee on Foreign Affairs does not raise crops, neither does the Committee on Agriculture.

Mrs. BOLTON. The Committee on Agriculture really does not handle any foreign affairs and it has not the authority to do so. But sometimes it messes things up by doing that.

Mr. BEERMANN. Has there ever been a discussion of this matter between the Committee on Foreign Affairs and the Committee on Agriculture?

Mrs. BOLTON. Not as committees; I suppose the chairmen have talked it over.

Mr. BEERMANN. It just so happens that a former Member of the House, Bob Harrison, from Norfolk, Nebr., who was then the Representative from our district, was instrumental in the passage of Public Law 480. It is my understanding that at that time the Department of State and others tried to get this bill through, but nobody wanted then to take the responsibility of the cost, although everybody wanted to take the credit for selling our products under Public Law 480. I think Public Law 480 has served a very worthwhile purpose.

Mrs. BOLTON. I do, too. I think it has done a great many very fine things.

Mr. BEERMANN. In one transaction last year—let us say it involved $100 million, whatever amount it was, for wheat—the first thing that came off was 15 percent for the difference in foreign exchange. Then 42½ percent of that was given away and the other 42½ percent was sold. So it seems to me that we wind up on the short end of the stick; the farmers of the Nation and the Department of Agriculture are charged with this complete fiasco and nobody explains it properly to the people of the country. We are in entire sympathy in trying to help feed the world with our surpluses and as farmers we are glad to contribute. But when they charge it back to the Department of Agriculture or to the farmers and do not give them any credit, then I think I disagree very much with what has been done.

Mr. JUDD. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON. I yield to the gentleman from Minnesota.

Mr. JUDD. Mr. Chairman, since this question has arisen, perhaps it would be well to review a little bit of the background. In 1953, two or three of us made a proposal to use in our foreign-aid program, surplus commodities, which had been bought and paid for under our agricultural price support program, in lieu of new dollars. I introduced a bill to authorize sale of surplus commodities for foreign currencies and went before the Committee on Agriculture in an effort to get the Committee on Agriculture to act favorably upon it. I am sorry to say some of the Members called it a giveaway program and refused to do anything about it. So I came back to the Committee on Foreign Affairs and got it into the Mutual Security Act of 1953 as section 550. In the conference with the Senate it was modified somewhat and accepted by the Congress.

During that first year we were able to use, as I recall, about $245 million worth of surplus food and fiber in the form of sales to countries for their currencies, which were then used to help development projects in those countries. Thus we used our surpluses in lieu of new dollars which the countries would have used to buy similar products elsewhere. At that point the Committee on Agriculture discovered this was a wonderful way to dispose of farm surpluses, and the next year it took the program over and brought it out as title I of what is now Public Law 480, over the objections of many of us on the Committee on Foreign Affairs. Since the program has gotten out of bounds, in my view, I do not believe we should use our surplus commodities in a way that injures our foreign policy objectives, as has sometimes happened.

As an example, in Korea last fall I found that since we began to provide surplus cotton to Korea, under Public Law 480, Korea's own production of cotton has gone down each year over the last 9 years. Thus, what I regard as misuse of Public Law 480 has encouraged the Koreans to depend more and more on us for their cotton and reduce their own production. We have helped defeat the foreign policy goal of helping countries become self-supporting and self-reliant by our provision of more food or fiber than they needed from us.

So I agree with the gentlewoman from Ohio that while the Public Law 480 program was initiated by the Foreign Affairs Committee, it would have been better all around if it had been kept under the Foreign Affairs Committee, so that we would use our surplus commodities primarily to promote our foreign policy, and only secondarily to get rid of our surplus commodities. But to the extent that the program has become a dumping operation for getting rid of our agricultural surpluses abroad, I fear the law, much as we worked to get it, has in some respects become self-defeating.

I agree also with the gentleman from Nebraska that to the extent these surpluses are properly used to promote our foreign policy, their value is properly a charge against our foreign policy operations rather than against our agricultural price support operations.

Mrs. BOLTON. I thank the gentleman.

Mr. BEERMANN. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON. I yield to the gentleman from Nebraska.

Mr. BEERMANN. I should like to reply on this matter because in the farm belt area this year instead of using our surplus commodities we were asked to give the Secretary of Agriculture the authority to buy any commodity, whether surplus or not. This is what happens to what was a good program to start with but which now has probably worked around to be a welfare program for the United States or perhaps the world.

Mrs. BOLTON. I hope the gentleman can do something about that.

Mr. BEERMANN. I intend to try.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. I should like to compliment the gentlewoman on her very eloquent and forthright statement. I should like also to comment on the figures just submitted by the gentlewoman from New York with respect to the scope of Public Law 480. There seems to be some confusion regarding just what the scope of that program has been.

If I am not mistaken, the gentlewoman from New York has used as the basis of her figures a statement from the 15th semiannual report on Public Law 480, which indicates that somewhere under $16 billion have been made available since the program was authorized in July 1954. I should like to point out for clarification of the record that this includes all the agreements entered into. It includes products at a cost estimated by the Commodity Credit Corporation of some $10,872 million but there commodities had an export market value which was substantially less, or $7,592 million. It should also be pointed out that a substantial part of this $7,592 million or $851,700,000, represents ocean transportation financed by the Commodity Credit Corporation.

I might add also, under Public Law 480, since its inception, that just over $5 billion has actually been shipped. This is in contrast, I might say, to the total under agreements already made. These figures, perhaps, will provide a better indication of the actual scope of the program and, I hope, will clarify the situation somewhat.

Mrs. BOLTON. I thank my colleague very much.

Mr. BERRY. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON. I yield to the gentleman from South Dakota.

Mr. BERRY. I would just like to add to that which has been stated here that this Public Law 480 program that we are talking about or this farm situation we are talking about not only disrupts once—it not only disrupts the agriculture of these foreign countries once, but it actually disrupts three times. What happens is that these imports into this country, the agricultural imports of food and fiber into this country, first, disrupt the agricultural production in this country. In other words, our American farmers have to move over and make room for the food and fiber that is being imported. Secondly, the agriculture in these countries that are importing it here is disrupted because these farmers are producing what they can sell to America.

Thirdly, by our giving it away or shipping it into these other countries, we disrupt those countries again, that is, the production of those countries, as the gentleman from Minnesota has just pointed out. So the whole thing is a round robin of disruption.

Mrs. BOLTON. And confusion. I thank the gentleman.

Mr. KYL. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON. I yield to the gentleman from Iowa.

Mr. KYL. This is illustrative of the difficulty that some of us have about this bill. I have been given a figure that we have already sent abroad under our Public Law 480, $15,796 million. I have another figure here that says—no, it is not $15.7 billion, it is actually valued at $7.5 billion. But then, again, we have only shipped $5 billion. What are the figures here?

Mrs. BOLTON. That would have to do with Public Law 480, about which I would not know the facts. I am sorry but some member of that committee would have to answer.

Mr. Chairman, I would like to say just one more word before I take my seat. It has been a very real pleasure all through this year, and in previous years as well, to work with our chairman, the gentleman from Pennsylvania, Dr. MORGAN. He is very fair and occasionally he does come out with a nice funny story that saves a situation. He is a most delightful person to have sitting at the head of the table. I want to thank him very much for his courtesy to my side of the table and his general courtesy to us all.

The CHAIRMAN. The gentlewoman from Ohio has consumed 37 minutes.

Mr. MORGAN. Mr. Chairman, I yield 15 minutes to the gentleman from New Jersey [Mr. GALLAGHER].

Mr. GALLAGHER. Mr. Chairman, I wish to compliment our very able chairman and the very able gentlewoman from Ohio [Mrs. BOLTON] for the excellent way in which they have brought this bill to the floor in this bipartisan spirit. I would like to say that foreign aid is but one instrument of our foreign policy, a policy that must pragmatically view not only our national interests separate and apart from communism, but must also view our national interests in relationship to the problems that have been imposed by the very existence of communism in the world today. The execution of this national policy must be carried out politically, militarily, economically as well as educationally, if we are to maintain our security and advance our own national interest.

The mutual security program is but one instrument of our national policy. There have been many critics of the policy who view foreign aid as something alien to our own national interest and national policy and there are times when the panacea for all of our national ills seems to be the abandonment of foreign aid. Regrettably, there have been great misunderstandings in our national security program. The annual discussion that takes place here often contributes to this misunderstanding. Earlier in the debate great emphasis was laid on mistakes and the argument was made that we should provide an ironclad, foolproof system to do away with waste and extravagance. The committee has been in a continuous process of trying to eliminate extravagance and waste wherever it exists. Our chairman, the gentleman from Pennsylvania [Mr. MORGAN] has personally brought on a device known as the Inspector General, which is independent and apart from the agency, which superimposes itself so that they can eliminate waste and extravagance wherever it may exist.

Mr. MONAGAN. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield.

Mr. MONAGAN. I wonder if the gentleman would say that because there has been waste in the Military Establishment, that because there has been waste in the farm program, that because there has been waste in other governmental programs, that would be a reason for discontinuing the whole program?

Mr. GALLAGHER. No. I think the gentleman has made an excellent point. Because there has been waste in the military we certainly would not advocate abandoning our Armed Forces.

The overall goal of the United States is the establishment of a peaceful society of world order based on a system of independent nations. In the achievement of this goal the compelling need exists not only to meet the challenge of communism wherever it is applied, but similarly we bear a responsibility as a mighty "have" Nation to assist those poorer societies in their effort to achieve their own legitimate aspirations. Both of these purposes are served by our foreign aid program.

The great success of the foreign aid program I think can be best demonstrated by the very fact that the Communist bloc nations are now imitating the programs we initiated. We seek not only to extend aid and assistance, but also to encourage the growth of those who have common purposes with us. This imitation is a very good barometer of the success of the program. We had great success with the Marshall plan. The Marshall plan was an act of statesmanship for war-ravaged Europe, that prevented Europe from falling into the Communist orbit as Marx predicted it would following a series of wars that would eventually lead to the capitalist nations falling into political and economic collapse. These same nations we assisted under the Marshall plan have now joined with us in making their contribution to the societies of underdeveloped nations who seek our assistance.

We are not giving any aid to Yugoslavia at the present time. Included in this bill is the enabling legislation authorizing the President to grant up to $10 million in development loans if he finds it to be in the national interest.

President Eisenhower had this authorization. It was granted in the spirit of bipartisanship and it should be extended to President Kennedy in the same spirit.

The issue is whether we are going to have a policy in this area or not. If so, it requires patience and staying power. It is a long-range policy that requires understanding and faith in our Government. The Polish people individually are perhaps the greatest friends we have—the Public Law 480 help we give them goes to the people. We have access and we have influence in Poland.

Shall we hurt those who are our friends in Poland by depriving them of food? I have heard the argument that sometimes freedom is more precious than food and to let Poland ferment into a revolution. We are not offering an alternative of food or freedom—we gave no food to Russia or China and they have no freedom. But if there was a revolt would not the helpless civilians of Poland be stomped on? We can never make a profit on the distress of others. Russia adopted this policy on Hitler and 20 million Russians died before Hitler had run his course. And Germany is still not a Communist nation, which proved Stalin's policy incorrect.

If Public Law 480 were cut off from Poland an economic disaster would set in. There would be a default on debts or they would have to be further mortgaged to the U.S.S.R.

Bloodshed could follow—30 million Poles would suffer. What would be our gain at the expense of a great loss of prestige to ourselves and the abandonment of trust and hope of our good friends who believe in us? I have been to Poland and nowhere in the world are Americans greeted with greater warmth. And nowhere in the world is communism treated with greater contempt than in Poland, despite the Russian divisions which surround them.

A heavy responsibility rests on this legislative body. For the action that we take will affect the actions of our Government.

Section 620(g) of the Senate version of the Foreign Assistance Act of 1962 provides that "no assistance shall be furnished under this act to any country known to be dominated by communism or Marxism. This restriction may not be waived pursuant to any authority contained in this act." Our Ambassador to Yugoslavia, George Kennan, has stated that senatorial adoption of this provision is "the greatest windfall Soviet diplomacy could encounter in this area."

Although partially generated by some recent provocative statements and actions of Marshal Tito, this provision is in part a reflection of a deeply rooted American disposition for dividing the world into the stark black and white of friend or foe, and in part the consequence of the elevation of unproven assertion into the realm of established fact. Of course, Yugoslavia is not a conscious ally of the West; nor are its existing political and economic institutions completely congenial to Western eyes. But, as is normally true, consideration of the present without comparison with the past produces a highly deceptive image. At the time of Tito's break with Stalin in 1948, Yugoslavia was an ardent supporter of every aspect of the Soviet

Union's foreign policy. It provided a haven and materiel support for Greek Communist guerrillas and its armed forces were applying pressure on Trieste and Italy. There was virtually no trade or communication with the West. The country's economy was highly centralized after the Russian pattern.

In the 14 years that have elapsed since 1948, sweeping—almost revolutionary—changes have occurred in both Yugoslavia's internal and external policies. Internally, forms have been decollectivized since 1951 and industry highly decentralized. Important elements of a free market system are now operative in the country. Even more important, the people of Yugoslavia have been granted a very large measure of social and religious freedom. While criticism of the regime's fundamental tenets is repressed, administrative criticism is permitted, and criticism of the Soviet Union has been openly tolerated.

In its external relations, Yugoslavia has become increasingly tied to the West. Seventy-two percent of its trade is now with the West. It is an active participant in such free world organizations as OECD, GATT, IMF, and the World Bank, all of which are boycotted and castigated by the Sino-Soviet bloc. Its United Nations voting record, while not in agreement with ours, is similarly out-of-phase with the Soviet Union's. On some important issues, we have stood together. For example, Yugoslavia opposed the Russian troika plan which would have paralyzed the United Nations. It also supported the resolution requesting the Soviet Union not to explode its 50-megaton bomb.

Perhaps most important of all in terms of our long-range relations with this country, the Yugoslav Government has facilitated extensive contacts between its people—particularly the younger generation—and the West. Free world tourists to Yugoslavia totaled somewhat over 1 million in 1961, contrasted with an estimated 14,000 persons to Rumania and about 40,000 to Czechoslovakia. Even more significantly, the Yugoslavs have sent many of their younger people to the United States and other Western countries for intellectual and technical training.

The beneficial consequences for Western security of Yugoslavia's independence have been manifold. The Greek Communist guerrillas, abandoned by the Yugoslavs, have been crushed and Greece has become a stable partner in the NATO alliance. Albania has been geographically isolated from the Soviet bloc and has thus been able to go off on a tangent of its own. The Soviets have been denied access to the Adriatic. Perhaps of equal importance to our broad security interests is the model Yugoslavia provides for leftist elements in the underdeveloped countries. Its continued avoidance of military or economic alliance with the Soviet Union provides concrete proof of the validity of the proposition that nationalist aspirations cannot be pursued by a nation that subordinates itself to Soviet policy. The country's increasing internal liberalization accompanied by economic progress indicates that such progress need not be, and possibly cannot as effectively be, sought through rigid centralization and fierce social repression. Finally, the benefits Yugoslavia has derived from its relations with the West and the United States in particular are living rebuttal to the Soviet Union's dogmatic assertion that social revolutionaries must seek assistance solely from the Soviet Union, whatever the price exacted, if they are to achieve economic progress.

The opponents of aid to Yugoslavia have simply disregarded or denied the existence of these enormously beneficial incidents of Yugoslavia's independence and have based their opposition on a number of unproven assertions. They have asserted first that Belgrade is the principal link in the intelligence chain running from Moscow to Havana. According to our Government's intelligence information, there is no evidence whatsoever for this charge. More concretely, some of them have implied that the Yugoslavia gave American-made jet trainers to the Castro Government and have trained Cuban Communist pilots in Yugoslavia. The charge in turn stems from a press allegation early in 1962 that Yugoslav ships carrying U.S.-manufactured jet aircraft sold to Yugoslavia stopped in Havana under maximum security precautions; that the Yugoslavs did not deny these stories, and that these "facts" were acknowledged by both the State and Defense Departments.

The press allegation was described by the Yugoslav Government as a complete fabrication and information available to our Government disproved the principal elements of the allegation. For example, the Yugoslav ships which carried the jet aircraft in question to Yugoslavia, were known not to have stopped in Havana or any other Cuban port. Moreover, there is no evidence that Cuban pilots have been trained in Yugoslavia.

In sum, Yugoslavia remains a country whose independence from Soviet domination has redounded to the benefit of the West. She does not neatly fit into the rigid category of friend or foe, but if realistic definitions are used, it seems hard to regard a country that has voted against the Soviet Union in the U.N. and has proclaimed the virtues of national independence, as opposed to economic and military commitment to the Soviet Union, as a "foe" of the United States.

The following are the answers to some of the charges that have been made in connection with this policy.

Charge: We have been recently told that Yugoslavia did not close its borders to Greek guerrillas on its own initiative, but on the direct order of Stalin. The recent book by Milovan Djilas has been cited as evidence of this.

Facts: It would be difficult to debate here what Stalin really intended, and it would be pointless to challenge Djilas' account of what Stalin said on February 10, 1948. We do know that Stalin was an accomplished liar, and that his words were scant evidence of intent. But more importantly, it is a historic fact that Stalin broke with Tito in 1948; that Yugoslavia was expelled from the Cominform in June of that year; that Stalin applied every pressure short of military means to unseat Tito in the ensuing months; and that Tito did not close the border to Greek guerrillas until July 10, 1949—more than a year after the break with Stalin had become public knowledge.

We are asked to believe, by opponents of the sound policy of three administrations, that at a time when Tito had been opposing Stalin's control with all his means for more than a year, and even though Tito continued to resist Stalin bitterly as long as the Soviet tyrant lived, he nonetheless closed the Greek border on Stalin's orders in July 1949. This flies in the face of historic fact.

Charge: There is intelligence information indicating that Yugoslavia contributes substantially to Communist activities in areas of the world other than South America, including southeast Asia and Africa. The only question which remains unanswered is how the amount of money which Yugoslavia spends in these activities compares with the amount the United States contributes through its foreign aid program to Yugoslavia.

Facts: This sort of charge has been rebutted again and again. In furnishing assistance to Yugoslavia, the President is charged, as President Eisenhower was charged before him, with the responsibility—in the words of the Mutual Security Act of 1954, as amended—to "assure himself, first, that Yugoslavia continues to maintain its independence; second, that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and third that the furnishing of such assistance is in the interest of the national security of the United States." President Eisenhower's administration found Yugoslavia eligible for assistance under these provisions. The present administration has also so found. I am assured by responsible high officials of this Government that they have no information that Yugoslavia is participating in any way in the Communist conspiracy of world conquest. Yet we are told that, "The only question which remains unanswered is how the amount of money which Yugoslavia spends in these activities compares with the amount the United States contributes through its foreign aid program to Yugoslavia." Where is the evidence for this charge? It is denied by this Government, and I would like to see evidence brought out in the House in this matter before we conclude that both President Eisenhower and President Kennedy erred on this question.

Charge: A filmed interview with Tito by Edward R. Murrow in 1956, although containing nothing which should be of a classified nature, has been kept secret and its existence is not generally known.

Fact: The Edward R. Murrow interview with Tito in 1956 was shown nationwide on CBS–TV over 102 stations on June 30, 1957. This "See It Now" program had a Nielson rating indicating it was seen in 1,773,000 homes, or by ap-

proximately 4,000,000 people. The interview was also carried on CBS radio from 9:30 to 11:00 p.m. on the same day. It is perfectly apparent that this interview is not and has not been secret.

Charge: Tito has stated that his aims and those of the Soviet Union are the same.

Fact: Tito and Khrushchev have both pointed out that they believe in the ultimate triumph of socialism, that is, communism. And this has each and every time been interpreted by those who wish to do so as "proof" that Yugoslavia is really a member of the bloc. The most recent case was just a few months ago. Every one of us in this chamber is aware of this so-called evidence that Tito is really in the bloc. But what did Tito really say? I want to put this into the RECORD. Tito said:

As regards building socialism with respect to the realization of final goals, there can only be differences concerning methods. There are almost as many roads leading toward socialism as there are countries. There exist elements of dispute between us and the Soviet Union but they are not so great.

Now let me just interrupt this quotation to point out that the very difference Tito mentions is just the difference we are concerned with in this debate. It is the difference "concerning methods." In short, the Soviets believe in creating socialism, that is, communism, by international conspiracy and conquest, while Tito does not. And let me ask whether we could expect Tito, in the circumstances of Yugoslavia's position between East and West, to make this difference clear in the same language I have just used? I submit that we could not. But he tried to make it perfectly clear to anyone who would read what he said. Tito went on to say:

The basic difference concerns relations between Socialist countries. According to their concept, each country building socialism must be in the camp. We feel, however, that socialism can be built without participation in the bloc, because the division of the world into blocs constitutes a danger. * * * The basic difference between us and the Soviets is that we are not in the camp, that we consider it erroneous to divide the world into blocs and feel that socialism can be built outside as well as inside the camp.

So there it is. Tito says the difference between his view and that of Khrushchev is not so great. Tito feels that he does not have to belong to the bloc to be a Communist, while Khrushchev believes that he does. This difference may be not so great to Tito, but it is the heart of the matter to the West and to this country.

Charge: In 1961 the Yugoslav freighters *Trbovlja* and *Gundelec* left San Diego loaded with jet trainers bound for Yugoslavia. It has been reliably reported that at least one of the ships had a port of call in Havana en route to Yugoslavia. The fact that Cuban Communist pilots have been trained in Yugoslavia lends credence to the belief that at least some of these trainers got no farther than Cuba.

Facts: This charge apparently stems from a press allegation early in 1962 that Yugoslav ships carrying U.S. manufactured jet aircraft sold to Yugoslavia stopped in Havana under maximum security precautions; that Yugoslav officers were in Havana to train Cuban military personnel; that the Yugoslavs did not deny these stories, and that these facts were acknowledged by both the State and Defense Departments.

The press allegation was totally false. It was described by the Yugoslav Government as a complete fabrication, and information independently available to our Government disproved the principal elements of the allegation as well. The Yugoslav ships, for example, which carried the jet aircraft in question to Yugoslavia, are known not to have stopped in Havana or in any other Cuban port.

Moreover, there is no evidence that Cuban pilots have been trained in Yugoslavia. Indeed, it would be strange to train Cuban pilots, presumably to fly the Mig's of Castro's air force, in a country which does not fly or produce Mig's but which has during the past decade depended on the West for its air force materiel. I cannot help but wonder, in the course of examination of these and numerous other charges concerning Communist arms and training for Castro, whether the sources of this information in the newspapers are really aware of the Czechoslovak role in these activities, and whether they are really aware that Czechoslovakia and Yugoslavia are not one and the same country. Certainly we in this Chamber have every reason to suspect these sources in view of the complete lack of evidence for their charges.

Charge: First, Tito's report at the Seventh Congress of the LCY, the Communist Party of Yugoslavia, in April 1958, was a complete retraction of his earlier statement to the Sixth Congress 5½ years earlier; second, the LCY program of 1958 stressed the concept of "proletarian internationalism." This opposes any idea of national communism, which was explicitly rejected in the program of 1958. It was on the basis of the earlier statement that the program for aid to Tito developed; third, furthermore, the program emphasized that Yugoslavia was ready to lend a militant hand to encourage the world communizing process.

Facts: The facts of the matter are that the Seventh Congress of the LCY in 1958 put the finishing ideological touches on Yugoslavia's break with Moscow 10 years earlier. The tough bloc line adopted at the Moscow Conference in November 1957, in reaction to the Poznan riots and the Hungarian revolt, ended the brief 1955 to 1957 period of normal Yugoslav-Soviet relations, and placed Belgrade on notice that its "separate roads to socialism" was no longer to be tolerated. When the Soviets balked at an early draft of the Yugoslav program and then engineered a boycott of the Yugoslav Congress, the Yugoslav leaders launched a general counterattack against Soviet attempts at dictation and charges of ideological heresy. The Congress steadfastly defended Yugoslavia's position apart from both East and West. Both were attacked in principal as threats to peace and progress and the delegates stressed that the foreign policy of the Yugoslav peoples was based on "their resolve to safeguard their independence at all cost." This independence, as my colleagues are aware, is exactly what we have been seeking to foster.

The reaction from the Soviets and the Communist Chinese proved just how wise our investment has been, how divisive an effect Yugoslavia has had on the Communist world. Khrushchev cut off all Soviet aid to Yugoslavia. Moscow and Peiping continued to denounce the Yugoslav program as contrary to Marxism-Leninism and leading to disunity among Socialist countries. Yugoslavia was threatened with ostracism from the Communist world.

This is the main import of the Seventh Congress. Not all of the stands were satisfactory from our standpoint. Not all of the things said and done by our allies are satisfactory either, for that matter. What is important is that the Congress' interpretation of various Marxist slogans such as "proletarian internationalism" all bore the imprint of Yugoslavia's emphasis on the struggle for socialism in one's own country. Far from abandoning previous Yugoslav policies, the program of the Seventh Congress of the LCY in 1958 was a major reaffirmation of the revisionist "separate roads to socialism" philosophy in Yugoslavia.

Charge: The Yugoslav record in the U.N. demonstrates that Yugoslavia maintains strict adherence to the Soviet bloc line.

Facts: This was brought out in debate on this bill in the Senate, where I believe the significance of Yugoslavia's record in the U.N. was not made entirely clear. It was conceded that Yugoslavia does not vote with the Soviet bloc all the time, but it was stated that on the important issues, such as the Hungarian question, the Yugoslavs—and I quote from the record—"maintained strict adherence to the Communist line and unflinching loyalty to the international Communist movement."

This is a curious analysis. The voting records of the U.N. are public records, and by a similar analysis we could observe that many of the neutralists vote on certain subjects—if I may use the phrase again—with "unflinching loyalty to the international Communist movement." But on other matters in the U.N., the neutralists and the Yugoslavs apparently do flinch from such loyalty. The vote on the resolution appealing to the U.S.S.R. not to explode the 50-megaton bomb was such a matter. Senators AIKEN and COPPER noted the important differences between the Yugoslavs and the Soviets in the U.N.

I think that we have to face this matter squarely and honestly. Either the Yugoslavs do vote consistently as members of the Soviet bloc or they do not. The Department of State has pointed out that while we are well aware the Yugoslavs do not vote consistently with the United States, we are also aware—and the facts speak for themselves—that the Yugoslavs do not vote consistently with the Soviet bloc.

I think we would all agree that we need not try to establish that the Yugoslav voting record in the U.N. is different from ours; if this were the point, we could as easily demonstrate that the voting records of our NATO-allies are also different from ours. But this is not the point. To reach a meaningful conclusion of this subject we need to know whether the Yugoslav voting record is different from that of the Soviet Union. We need to know whether or not the Yugoslavs vote in the same way as the Czechoslovaks or the Bulgarians in support of the U.S.S.R. And the record shows that they do not.

Charge: Tito declared in a 1956 speech:

> Yugoslavia, in time of war, as well as in time of peace, marches shoulder to shoulder with the Soviet people toward the same goal—victory over the enemies of socialism.

Fact: This quotation which was read into the record several times in debate in the Senate, is a distortion of a statement made by Tito in Stalingrad. Tito's statement, as actually made, could not be construed by a fairminded person as any sort of reference to future cooperation in war. Tito did refer to cooperation with the U.S.S.R. in war, but he referred to the same war in which we too cooperated with the U.S.S.R. And he did not refer to "victory over the enemies of socialism." He referred to peaceful cooperation toward the "goal of the victory of socialism." The difference is not without significance. It is a good example of the editorial changes that promptly appear in any of Tito's speeches when they are quoted by those who are so obsessed with the compulsion to strike at Tito that they lose sight of the other 18 million Yugoslavs and the importance to our policy of this strategic Balkan country.

Tito's speech was broadcast—what he said at Stalingrad is a matter of record. He gave his warm greetings to the people of the "heroic town" of Stalingrad which inflicted a "decisive blow upon the Fascist invaders." He pointed out that Yugoslavia too had suffered invasion during World War II and had shared in the struggle against the Nazis. The content of his brief talk was concerned with World War II and the important role played by the battle of Stalingrad. He then praised the citizens of Stalingrad for their work in rebuilding the city. He wished them, and here I pick up the quote, "many successes in your construction and creative work for an even better life, for the victory of communism throughout the Soviet Union."

Please note where he wishes the victory of communism to take place. It is certainly pertinent to the context of his closing paragraph, when he said, and I quote in full:

> We, in Yugoslavia, have likewise made a big step since we ejected the Fascist occupiers. Our country, too, was much ravaged. And we have reconstructed our country, and are building new factories, a new life. In peace as in war Yugoslavia must march shoulder to shoulder with the Soviet people toward the same goal, the goal of the victory of socialism.

I think it is clear that Tito did not predict that "in time of war, as well as in time of peace" the Yugoslavs would be shoulder to shoulder with the Soviets. He clearly said that in time of peace, as well as during World War II, the Yugoslavs should cooperate shoulder to shoulder with the Soviets But in case there is doubt, let me inform the House that the distortions of Tito's remarks by some writers in the West brought an immediate complaint from Tito, made to our Ambassador in Moscow even before Tito returned to his own country. Tito clearly and firmly held that his remarks referred to association with the U.S.S.R. during World War II, and not to the future.

Let me say that our Ambassador rose to this occasion promptly, and replied that if the Western press had not accurately interpreted Tito, the reason should be sought in the care—or lack of care—which was taken to keep the Western press informed.

I think our Ambassador was right. The responsibility for our misunderstandings lies with Tito, I am sure. But the facts have been made plain to us on this and other allegations many many times. The question we must all answer is more direct and I want to pose it now. Which are we going to put first: the real needs of our country's foreign policy, or our desire to show our dislike of Marshal Tito?

Charge: Belgrade is the principal link in the intelligence chain running from Moscow to Havana. Yugoslavia has lent very active support in furnishing arms and technological advice and training to Cuban Marxists. Thus Yugoslavia is aiding Castro in the export of Communist revolution throughout South America.

Facts: According to our Government's intelligence information, there is no evidence whatsoever for these charges. Moreover, we know from bitter experience that the Soviets are quite capable of organizing their own intelligence network, and that there is a Soviet Embassy in Havana which is in nothing less than ideal circumstances to guide, control, advise, equip and finance any intelligence venture believed by Castro and Khrushchev to be feasible and desirable. Yet I am sure our colleagues are sincere when they ask us to believe that Tito's Yugoslavia is the link between Moscow and Havana. I am sure they are sincere when we are told this is well known. But I have asked for confirmation based on our intelligence information, and I am told there is no evidence to support this questionable charge.

I have also endeavored to obtain evidence that the Yugoslavs have furnished arms to Castro, or have assisted in the export of the Communist revolution to South America. I am told our Government has no such evidence. It seems to me that if there is any such evidence—and I note that in the debate in the Senate it was stated that here is every indication of this—then the evidence should be brought out and made available to the House and to our intelligence agencies.

Charge: Tito has explained his foreign policy as one of coexistence. At the same time he states flatly that he is in complete accord with Mao Tse-tung. He reiterates what he terms as "my point by point" agreement with Mao. Without a doubt the coexistence of which Tito speaks is the same as that practiced by the U.S.S.R. under Khrushchev.

Fact: Let us just review some of the violent attacks which Communist China has leveled against Yugoslavia. In the Chinese publication People's Daily on May 5, 1958, the Peiping government charged that the Yugoslav brand of revisionism "aimed at splitting the international Communist movement and undermining the solidarity of the Socialist countries, and is directly harmful to the fundamental interests of the Yugoslav people." One month later the Chinese castigated the Yugoslavs, stating that "Yugoslavia follows a foreign policy of praising the United States and slandering the Soviet Union" and that "in contrast to the neutralists in general, the Tito elements, putting out the signboard of Marxism-Leninism and a Socialist country, mix themselves in the ranks of the international proletariat to corrode, disintegrate and subvert."

This is the attitude which the Chinese Communists have consistently held toward Tito, and which they continue to hold. In the February 10, 1962, edition of Red Flag, the organ of the Chinese Communist Party Central Committee, Tito's milder brand of communism was reviled as "more evil, more debased, and more cunning" than previous brands of revisionism to which it was allegedly related.

I believe this material speaks for itself. There is no point-by-point agreement between Mao and Tito. There is only the bitterest of feeling, and I think you will agree that we should keep the facts straight on this point in this Chamber.

I would like also to touch on Indian and the United States national interests.

In considering the foreign aid bill with regard to India, it is important to keep the focus on the U.S. foreign policy objectives. During the past 2 or 3 years India's foreign policy objectives and ours have come increasingly closer. In southeast Asia the Indians have played a very constructive role with regard to Vietnam—a situation in which we have a vital interest. In the Congo we and the Indians have seen eye to eye and Indian troops have made a great contribution toward the easing of that crisis. These are but two of the more important examples where matters affecting the Indian national interest and ours coincide. There are many others to be found in the technical bodies of international organizations.

From the viewpoint of the U.S. national interest per se, it is most important that a nation which is striving to achieve the modernization of its social and economic structure succeed in doing so through a democratic political system similar to that which we in the West have. In a free democracy pros and cons of problems affecting war and peace are more openly discussed and public opinion

must be taken into account. Thus it is very much in our interest that the developing nations preserve and develop democratic systems of government in order to avoid the irrationalities and rash acts that frequently result from totalitarian rule.

India and Communist China are at odds with each other over frontier questions. India is determined not to yield its territory to Communist Chinese threats and actions. It has backed up this resolve by placing Indian armed forces into trouble spots on the frontier with Communist China and has actually regained territory initially claimed by the Communist Chinese. Thus India and Communist China are not only competitors in the ideological field—democracy versus totalitarianism—but also in the power struggle in Asia. We and the Indians have, therefore, a common concern; that is, the threat of Communist China.

The Goa incident, India's posture in the United Nations on the Kashmir issue and the matter of the Soviet Mig's are indeed distasteful to us partly because these situations cause problems for us with other free nations and partly because we see certain dangers in the acquisition of Soviet arms by a nonalined country. But let us not overlook the fundamental factor which is that these are situations which while annoying to us are not vital to the U.S. national interest. They are essential problems of Indian national interest.

We in this country believe that political and social progress and stability are difficult to achieve without continuous economic progress. It has been our experience during the last 14 or 15 years that underdeveloped countries experience great difficulty in achieving economic gains despite heavy financial assistance from abroad. Yet in India we have had and are having a most interesting and important development in the field of economic achievement. These people have poured in enormous sums from their own resources into a well organized and sustained effort leading toward specific economic goals. We have confidence in what they are trying to do and it is in our interest that this progress be maintained. For further progress to be achieved our assistance is vital. A faltering or collapse in the Indian economic development effort would have such psychological and political repercussions throughout Asia, Africa, and the Middle East that the price of picking up the pieces in the aftermath might well become intolerable for the West.

In brief there is no question in my mind of the necessity to continue to assist India because it is in our national interest to do so. We must demonstrate the maturity and the steel nerves of a nation which knows where it wants to go, what its policy objectives are, and not let ourselves be swayed from the task ahead of us because of emotionalisms more appropriate for a new nation than for the leader of the free world.

Question: Why does India increasingly oppose the United States on so many critical issues?

Answer: India increasingly, and to a greater extent than is generally realized, does not oppose us in those areas which most vitally affect United States national interests.

BALANCE SHEET

On the negative side: Indian opposition to our foreign policy has become concentrated during the past years on certain issues in the South Asia area. These are ones about which India feels strongly, such as Goa, Kashmir and supersonic aircraft, and where the United States has taken issue with the Indian approach to dealing with the problem. As significant as these questions may be they do not strike at the center of United States national security.

On the positive side: Despite these problem areas, the trend of events in recent years has shown a growing convergence of basic national interests of our two countries:

First. Against Red Chinese aggression: Chinese incursions across India's northern border opened Indian eyes to the long-term threat the Peiping regime poses to Indian security. India is now alarmed at the potential for Chinese Communist expansionism. India has been actively improving its position on its northern border in order to prevent further Red Chinese incursions and to be in a position to regain at least some of the territory occupied by the Chinese. Furthermore it has recently been performing a helpful role as Chairman of the International Control Commissions in Laos, Cambodia and Vietnam in order to minimize the possibility of Chinese expansion into that area. Thus, the recent finding by the Indian Chairman of the ICC that North Vietnam is providing active support to guerrillas in South Vietnam provides the United States with legal justification for its support of South Vietnam.

Second. United Nations: India shares with the United States a strong interest in maintaining an effective U.N. During all of Khrushchev's campaign against the Secretary General, Nehru publicly opposed the troika suggestion and upheld the idea that a unitary SYG was essential.

Third. In the Congo: When there was a threat in the winter of 1961 that the U.N. forces would be withdrawn from the Congo, India responded positively to Hammarskjold's request for more men and sent a full combat battalion to the Congo over Soviet objection.

Fourth. Inside India: By virtue of its size as well as other factors, India is democracy's principal Asian representative in the power strength with Communist China. India's development program is gathering additional momentum under an increasingly effective democratic structure at the very time that the Chinese Communists are increasing economic difficulties under the most totalitarian government in the world today.

CONCLUSIONS

In those areas where basic U.S. national interests are involved, such as southeast Asia, the United Nations and the Congo, Indian policy and attitudes parallel and reinforce our own. This is not always a smooth process because India frequently states its positions in terms of nonalinement which obscure the basic community of our interests and the fact that India is democracy's principal representative in Asian power struggle with Communist China.

Mrs. BOLTON. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. ADAIR].

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, this afternoon we have heard from those who very strongly support this program. I think it is time now that we hear something of the shortcomings of the program, something of the dollars involved, and something of proposals which might make it better and more workable.

In the first place, it is sometimes said that those of us who have opposed and have voted against foreign aid legislation in past years are unaware of the fact that we live in a world where nations must cooperate. Nothing can be farther from the truth. We have a full realization of those facts. But we do feel that this program has not yielded the results which its friends and proponents through the years have said it would yield, and which we have all hoped against hope that it might yield.

Mr. Chairman, first of all I think it might be worthwhile to look at something of the sums of money involved in these expenditures. Since the end of the Second World War when the programs which have a relationship to foreign aid were first undertaken, we have up to the end of the fiscal year just concluded appropriated about $95 billion in direct foreign aid. If we add to that sum other moneys which are not so easily identifiable as foreign aid, we bring the total to $107 billion that has been appropriated since 1946 in our efforts to win friends and influence people, as well as to combat communism throughout the world.

Mr. Chairman, some good results have been achieved. On the other hand, there have been very many shortcomings in this program. Since I do not have the time this afternoon to detail all of them, I would invite the Members of the House to read the views of the gentleman from Georgia [Mr. PILCHER], the gentleman from Maryland [Mr. JOHNSON], and myself, contained in a report of a study mission completed last fall. In those views, which deal principally with the situation which we found in Asia and the Middle East, we point out more specifically some of the shortcomings of this program.

Mr. Chairman, getting back to the matter of dollars and cents, what is the situation with respect to the cost of this program this year in relation to other years? I think Members would be inter-

ested to recall that last year, speaking in round numbers, this House authorized $4,253 million for the foreign aid program. There was appropriated, pursuant to that authorization, $3.9 billion. This year the President has requested $4,878 million. This committee has brought out additional authorizing legislation which would make possible the appropriation of about $4,660 million for this coming fiscal year. Based upon the President's request, please observe that there was only actually something in excess of $200 million cut for this year. When the figure of $800 million is used, it includes cuts made from the Alliance for Progress programs for the 3 succeeding fiscal years. So, actually, on a program of $4,700 million we have reduced the dollar amount only slightly in excess of $200 million.

Mr. KYL. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Iowa.

Mr. KYL. According to the gentleman's figures, for each of the 40 Members who are now on the floor, this represents an expenditure of about $100 million each; is that correct?

Mr. ADAIR. I think the gentleman is correct.

Mr. KYL. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Seventy-three Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 149]

Addabbo	Flood	Miller, N.Y.
Alford	Fogarty	Minshall
Andersen, Minn.	Frazier	Morrison
	Friedel	Moulder
Anfuso	Fulton	Multer
Ayres	Giaimo	Murphy
Baker	Gilbert	Nedzi
Baring	Glenn	Nix
Barrett	Granahan	Osmers
Barry	Gray	Peterson
Bass, N.H.	Green, Pa.	Philbin
Bass, Tenn.	Harrison, Va.	Pike
Bennett, Mich.	Harrison, Wyo.	Powell
Betts	Hays	Price
Blatnik	Healey	Purcell
Blitch	Hoffman, Ill.	Rains
Bolling	Hoffman, Mich.	Randall
Bonner	Holifield	Reece
Boykin	Horan	Riley
Brademas	Ichord	Rivers, Alaska
Breeding	Inouye	Robison
Bromwell	Jennings	Rodino
Brooks	Jones, Mo.	Rogers, Tex.
Broyhill	Kearns	Rosenthal
Buckley	Kee	Rostenkowski
Cahill	Keogh	Saund
Carey	Kilburn	Scranton
Celler	King, Utah	Sheppard
Chelf	Kitchin	Shipley
Chiperfield	Kluczynski	Smith, Miss.
Church	Kowalski	Spence
Coad	Laird	Steed
Colmer	Landrum	Taber
Cook	Lane	Thompson, La.
Cooley	Lesinski	Thornberry
Corman	Libonati	Utt
Curtis, Mass.	McCulloch	Van Zandt
Davis, James C.	McMillan	Wallhauser
	McSween	Whalley
Davis, Tenn.	Macdonald	Wickersham
Dawson	Magnuson	Williams
Delaney	Mason	Willis
Diggs	Meader	Wilson, Calif.
Donohue	Merrow	Wright
Dooley	Michel	Young
Farbstein	Miller, George P.	
Fino		

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill H.R. 11921, and finding itself without a quorum, he had directed the roll to be called, when 295 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from Indiana [Mr. ADAIR] is recognized.

Mr. ADAIR. Mr. Chairman, prior to the rollcall we were giving attention to the matter of the cost of this program. I had pointed out that there is an authorization this year of something in excess of $4.6 billion. I think the committee would want to know that in that figure there is authorization for military purposes of $1.5 billion. The rest of the money is generally for economic purposes.

Mr. SEELY-BROWN. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Connecticut.

Mr. SEELY-BROWN. At the start of your speech you were announcing the overall cost of this program since its start. I am wondering if you could break down the figures which you gave earlier to indicate how much of the total sum was for military expenditures and how much was for so-called economic aid in one form or another.

Mr. ADAIR. In response to the gentleman's inquiry, it can be said that since the beginning of this program roughly one-third of it has gone for military purposes and two-thirds for economic; in other words, up to the end of fiscal 1961 about $90 billion had been used for the pure foreign aid programs of which about $29 billion had been military and $61 billion economic.

One reason why there was only this relatively small reduction this year in the amount authorized was because we, the Committee on Foreign Affairs, had recommended to the House that additional money be made available this year for the Peace Corps, amounting to something more than $60 million. I think it can be said, therefore, that the additional money made available for the Peace Corps accounts in part for the rather small reduction in the overall request for money in this program.

Each year we speak about the pipeline. That is the amount of money unspent in this program. It is interesting, I think, to recall that this year the pipeline has in it more money than at any time since 1956. The amount available, according to the estimates which have been given at the end of the fiscal year just concluded, is $6.6 billion. I think that is a figure worth keeping in mind with reference to the overall cost of the program. If the overall cost is $4.6 billion, then we ought to recall also that there is in the pipeline unexpended at this time $6.6 billion. If we keep that in mind, I think we can find real reason for further dollar reduction in this program.

There are two points particularly that ought to have special mention. One is the question of expropriation of American businesses by foreign governments or subdivisions of those governments. The other is the question which has heretofore been touched upon, the matter of aid to Communist countries. On this matter of expropriation the Committee on Foreign Affairs did write into the bill a provision which is helpful and, I think, a start in the right direction. However, in my opinion it does not go far enough for two principal reasons. First, because it does not relate to some seizures which have been made earlier this year and which would not be covered, therefore, by the language in the amendment as it was written into the bill.

Secondly, because there is wording in the amendment which would give to the President of the United States wide powers of discretion, giving him the power to waive the operation of this amendment if he thinks it wise to do so.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mrs. BOLTON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Illinois.

Mr. FINDLEY. I appreciated the gentleman's comment about aid to Communist countries. In the debate on the foreign aid bill last year several Members expressed concern about the extent to which the United States is aiding non-Communist governments which nevertheless are oppressive in character. One Member of this body offered an amendment which would prohibit any foreign aid to governments which curb the freedom of press, speech and religion of their own people.

Can the gentleman inform me as to whether the language of this bill would also attempt to move in that direction, toward strengthening the area of individual liberty even in countries which are not of Communist character?

Mr. ADAIR. I will answer the gentleman by saying that there is some wording that we put in this bill having respect to discrimination against persons because of race, creed or color. Perhaps that could be construed broadly enough to relate to the situation which the gentleman describes. But I do not believe there is any new language in this year's bill bearing specifically upon the point which the gentleman mentioned.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield further?

Mr. ADAIR. I yield further to the gentleman from Illinois.

Mr. FINDLEY. Perhaps the gentleman refers to the language at the top of page 2. In reading that language I have concluded, myself, that it applies only to the rights of American citizens in these foreign countries and would not relate to the rights of individual citizens within those countries.

Mr. ADAIR. The gentleman is right. That language does relate only to American citizens.

Mr. FINDLEY. I thought this point might be especially appropriate to make at this time, because in my annual legislative questionnaire this year to citizens of western Illinois, I asked this question: Should the United States continue foreign aid to governments which curb freedom of the press, speech, and religion?

The responding answers were 2,274, which said "yes, we should continue this type aid," but 11,811 said "no; we should not continue U.S. foreign aid to governments which curb freedom of speech, press, and religion."

Mr. ADAIR. I thank the gentleman for his observation, and would point out to the gentleman that, of course, this is a very sensitive matter when we try to put in legislation here what shall be the relationship between governments and citizens of other nations. It is true that we are attempting to do just that to a certain degree as a par of the Alliance for Progress program, and elsewhere, but it is a very sensitive matter.

Mr. HARVEY of Indiana. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Indiana.

Mr. HARVEY of Indiana. I want to congratulate my Hoosier colleague on his excellent presentation of this particular legislation. I would like to pose this question:

It seems to me, as I have followed the events of the past few weeks, that our proposed Alliance for Progress proposition is being used by some of the potential recipients as a sort of a blackmail deal. They are saying in essence, "Well, if you do not do such and such, we will not take your help."

Does the gentleman think that that is a true state of affairs?

Mr. ADAIR. I would have to agree with the gentleman, and say that there is a great deal of truth in his remarks.

Mr. HARVEY of Indiana. If the gentleman will yield further, I think, certainly, the Department of State ought to be mighty sure in its treatment of this particular program or fund that we will not be indefinitely in that position insofar as these recipient countries are concerned.

Mr. ADAIR. I thank the gentleman for his contribution.

Mrs. KELLY. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentlewoman from New York.

Mrs. KELLY. I thank my colleague. I would like to say that I introduced an amendment in line with the suggestions discussed earlier, which stated that U.S. assistance must not be extended or continued to any country which fails to comply with the principles stated in section 102 of the Foreign Assistance Act. However, the committee thought that my amendment went too far, on the grounds that we should not dictate the internal policies to be pursued by other sovereign nations. Nevertheless, we hope that, with the help of the principles embodied in section 102 of the act, and strengthened and extended by section 101 of the bill before us, we will emphasize aid to those countries which seek to respect the dignity of the individual, and to respect his freedom to speak, to travel, and to worship in accordance with the dictates of his conscience.

Mr. BEERMANN. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman.

Mr. BEERMANN. Mr. Chairman, I appreciate the gentleman's comments on the subject of expropriation of American properties in these other countries. I wonder why we do not take care of expropriation acts committeed by other countries back to January 1, 1962, or even prior to this year.

Mr. ADAIR. I will say to the gentleman that I feel quite sure that amendments to remedy that defect in the bill will be offered before we have taken final action.

Mr. BEERMANN. I thank the gentleman.

Mr. ADAIR. Mr. Chairman, in conclusion there is one further thing that ought to be underscored as we consider this legislation; and it is a matter which has been mentioned in my hearing by many of the important leaders of friendly nations abroad. Too often, Mr. Chairman, we fail to make a distinction between nations which are friendly to us and which are willing to stand up and be counted and to help us if need be and those which call themselves neutral but in fact have a very doubtful neutrality. I think it is high time, if we are going to continue this program of worldwide assistance, that we say to ourselves, "We will give aid to those who will help us, those who will stand up for freedom, those who will be of assistance, if necessary, and not give so much of our aid to the so-called neutral countries who are neutral perhaps in name only."

Mr. Chairman, thinking it may be of interest, I include here the minority views of the gentlewoman from Illinois [Mrs. CHURCH] and myself:

MINORITY VIEWS

It is an easy assumption that those who oppose foreign aid legislation must logically oppose the concept of mutual security. Nothing could be further from the truth. We recognize that friends and allies are basic to the security of the United States. Our objection to the program is that it has not accomplished the results expected.

Our principal comments and criticisms arise from the inadequacy of the legislative framework within which we are pursuing our national objectives. A year ago it was claimed that a complete reexamination of the Mutual Security Act would result in legislation that would be more responsive to our national needs and considerate of our fiscal situation.

The net result has been disappointing. The new law provided fewer checks upon Executive action than did the old law. Powers were widely delegated to the President. Limitations on the use and the sums of money authorized and appropriated could be waived. Laborious congressional scrutiny has become an exercise in futility and frustration. Country programs justified as necessary, even imperative, have been completely recast.

The contingency fund, the committee has been told, is needed to meet with speed and effectiveness "critical situations that threaten our national interest." We call attention to a few uses to which that fund has been put which indicate that the criteria stated were certainly not the reasons for action.

Guinea * * * : The Government * * * indicated during the summer of 1961, after the congressional presentation was drafted, an interest in economic relationships with the United States. A program involving several projects was offered and accepted.

Mali * * * : In the summer of 1961, after the congressional presentation was drafted, the Government demonstrated an interest in receiving economic aid from the United States. A program has been developed to meet this opportunity.

Japan, $533,000: The fiscal year 1962 presentation proposed no grant economic aid to Japan. However, the importance of the Japanese labor leader exchange program, administered by the Assistant Secretary of State for Cultural Affairs, dictated its funding for fiscal year 1962.

Other (western Samoa), $25,000: As a gesture of U.S. interest in western Samoa on its achievement of independence, $25,000 was programed for an Independence Day gift (two bookmobiles).

Panama, $9,900,000: For urgent development projects requested by the Government.

Individual committee members, as well as a committee staff survey team, have made visits overseas within the last year. Their findings are an impressive catalog of poor planning and faulty administration. Nine years ago the undersigned made an extensive trip to study our program abroad. Upon their return they reported that "money is the measure of our interest, not the yardstick of our success." Nothing has happened in the interval to alter that observation.

The achievements of the Marshall plan in Europe are often cited to show what our aid can do. But we would point up the fact that in Europe our program was one of reconstruction. European nations have a similiarity to ourselves in culture, commerce, and legal structure. In the rest of the world it is one of construction. The difference is not one of semantics—it is one of philosophy. We can export the products of our society but we cannot readily export the climate in which these products can most effectively be used. Some would argue that the birth pangs of independence will readily give way to new outlooks and the acceptance of new ways and values that will encourage social and economic changes. We would only remind those individuals that most of the countries of Latin America, after 140 years of independence, have made small progress.

One reason for our criticism of the aid program is directed to the order of priorities with which it attempts to deal. Costly impact projects create more problems than they solve through their very magnitude and incompatibility with the local society. The undersigned have supported the Peace Corps because in it they see an effort which is directed to the foundations upon which development can proceed.

The foreign assistance program has become an indiscriminate instrument of our foreign policy. Hard decisions are avoided by soft loans and grants. We have given assistance to Yugoslavia and to Poland—with no perceptible advantage to us. The Netherlands is a NATO partner—but we are busily shoring up Indonesia's military establishment. Portugal is a NATO ally, but we are selling military equipment to India that seized Portuguese Goa. The Arab refugees whom we help to sustain have become political pawns of the Arab governments that we help to maintain. We are supporting the independence of Laos through foreign assistance while we urge a coalition government that will include Communists. The list of incongruous actions carried out in the name of foreign assistance is almost endless.

The unexpended balances of the foreign assistance program are estimated at $6.6 bil-

lion at the end of this fiscal year. The majority report states that "these unexpended balances are available only to meet obligations already incurred. They are not available to move the program forward through the purchase of additional goods and services."

We do not question the accuracy of these observations. We do, however, ask whether additional goods and services are necessary—certainly in the amounts contained in this bill.

The report of the committee staff survey team, after a visit to three countries and an admittedly hurried review of the "hoarding" of unused funds "suggests that there may be substantial hidden reserves available in all countries which are being held either to finance planned operations in future years or to meet future contingencies."

We do not know, and neither do those administering the program, the magnitude of idle money in this program. It is unreasonable that those responsible for voting taxes ask that we pause long enough to find out how much money can be recaptured?

The fiscal position of our Government is such that we cannot afford to leave unexplored every possible economy. Our national debt is mounting and we are being asked to raise the statutory debt limit to $308 billion. If Congress approves the new limit, it will have raised it three times within the past year by a total of $15 billion.

The balance-of-payments gold deficit is a matter of deep concern. Although the deficit last year was $2.5 billion, the outflow of dollars through the foreign assistance program must be scrutinized for its baneful effect on the national economy. It is small comfort to be told that a large percentage of our aid funds is spent in the United States. It still represents a drain on our national resources. U.S. exporters are already feeling sharpened competition from markets abroad and for the retention of markets at home. Is it not time that our aid program be more carefully integrated with our trade program?

Those of us who have studied the foreign aid program over the years find nothing new in the bill. The annual presentation is marked only by the appearance of new witnesses who repeat the familiar lines of last year's cast. The cost of administering the program mounts each year. But one looks in vain for evidence of firm management, clearer guidelines, and vigorous attacks upon maladministration.

The following tables reflect major foreign assistance financing by the United States from 1946 through fiscal year 1961.

Mutual security program countries—Summary by fiscal year and program

U.S. FOREIGN ASSISTANCE—OBLIGATIONS AND LOAN AUTHORIZATIONS

[Millions of dollars]

	U.S. fiscal years														Total
	1946–48	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	
Economic, total	14,054.8	8,113.8	5,104.8	3,662.3	2,469.8	2,612.6	2,419.3	2,726.9	2,676.6	3,318.4	3,002.2	3,634.0	3,409.6	4,551.0	61,513.4
Grants	6,331.3	6,483.6	4,456.2	3,126.8	2,156.3	2,159.1	2,267.5	2,050.3	1,922.7	1,963.9	1,711.0	1,730.8	1,971.9	2,294.1	40,391.2
Loans	7,723.6	1,630.2	648.5	535.5	313.0	453.5	151.8	676.6	753.8	1,354.5	1,291.3	1,903.2	1,437.6	2,256.8	21,122.3
Mutual security economic program, total		6,283.0	3,614.4	2,626.8	1,980.6	1,958.2	2,227.8	1,862.0	1,549.9	1,664.9	1,641.1	1,927.0	1,887.7	2,081.4	31,062.5
International Cooperation Administration		6,163.3	3,614.0	2,611.8	1,888.1	1,877.5	2,159.0	1,749.0	1,468.7	1,534.0	1,234.0	1,255.0	1,254.0	1,271.9	27,846.2
Technical cooperation/development grants		2.5	13.0	16.5	53.9	67.5	135.1	118.8	133.9	132.8	147.0	166.8	185.6	310.8	1,420.4
Other		6,160.8	3,601.0	2,595.3	1,834.2	1,810.0	2,023.9	1,630.2	1,334.8	1,401.4	1,087.2	1,088.3	1,068.5	961.2	26,425.9
Development loan fund											267.4	564.9	523.8	630.0	1,986.2
Other mutual security program economic		119.7	.4	15.0	92.5	80.7	68.8	113.0	81.1	130.9	139.7	107.1	109.7	179.2	1,229.9
Other economic assistance	14,054.8	1,830.8	1,490.4	1,035.5	489.2	654.4	191.5	864.9	1,126.7	1,653.5	1,361.1	1,707.0	1,521.9	2,469.6	30,450.9
Public Law 480:															
Title I—Planned for grants and loans								227.1	482.7	771.8	414.4	646.0	890.9	830.1	4,262.5
104c—Grants for common defense								33.9	97.2	108.7	71.1	35.0	20.0	65.9	431.9
104d—Grants from triangular transfer								2.9	3.9	26.0	4.8				37.6
104e—Grants for economic development								45.3	51.3	59.0	24.8	101.0	321.0	255.1	857.4
104e—Loans to private industry										1.6	73.5	123.6	92.5	64.7	356.4
104g—Loans to governments								145.0	330.3	576.5	240.3	386.2	457.4	444.4	2,579.3
(Total sales agreements)								(354.3)	(653.4)	(1,003.0)	(722.3)	(867.4)	(1,133.2)	(1,126.3)	(5,859.8)
Title II—Emergency relief[1]								102.1	98.0	98.9	85.4	49.1	59.6	289.7	782.8
Title III—Voluntary relief agencies					82.5	4.2	69.4	194.9	294.4	267.1	287.1	233.4	164.9	227.6	1,825.6
Export-Import Bank long-term loans	2,033.1	148.4	330.5	263.0	111.6	389.2	37.9	331.7	212.1	446.6	558.4	765.6	316.0	1,042.6	6,986.7
Other U.S. economic programs[2]	12,021.7	1,682.4	1,159.9	772.5	295.1	261.0	84.2	9.1	39.5	69.1	15.8	12.9	90.5	79.6	16,593.3
Military, total	481.2	301.3	76.0	980.4	1,481.2	4,272.5	3,411.6	2,508.9	2,978.9	2,134.2	2,404.5	2,160.5	1,844.7	1,432.0	28,997.5
Grants	481.2	301.3	76.0	980.4	1,481.2	4,272.5	3,411.6	2,508.9	2,971.4	2,127.1	2,365.9	2,100.8	1,823.8	1,401.9	28,797.6
Loans									7.5	7.1	38.6	59.7	20.9	30.1	199.9
Mutual security program (charged to appropriation)			55.7	980.4	1,481.2	4,158.8	3,295.9	2,395.6	2,927.5	2,085.0	2,363.4	2,110.0	1,718.0	1,374.1	27,475.2
(From excess stocks)			(33.1)	(289.1)	(190.7)	(140.0)	(107.2)	(41.9)	(106.1)	(53.2)	(257.3)	(197.3)	(289.0)	(328.1)	(2,185.8)
Other military assistance	481.2	301.3	20.3			113.7	115.7	113.3	51.4	49.2	41.1	50.5	126.7	57.9	1,522.3
Total economic and military	14,536.0	8,415.1	5,180.8	4,642.7	3,951.0	6,885.1	5,830.9	5,235.8	5,655.5	5,452.6	5,406.7	5,794.5	5,254.3	5,983.0	90,510.9
Mutual security program		6,283.0	3,670.1	3,607.2	3,461.8	6,117.0	5,523.7	4,257.6	4,477.4	3,749.9	4,004.5	4,037.0	3,605.7	3,455.5	58,537.7
Other assistance	14,536.0	2,132.1	1,510.7	1,035.5	489.2	768.1	307.2	978.2	1,178.1	1,702.7	1,402.2	1,757.5	1,648.6	2,527.5	31,973.2

MUTUAL SECURITY PROGRAM EXPENDITURES

Mutual security fund expenditures, total		4,527.8	3,514.6	3,821.7	3,762.9	6,048.1	4,809.1	4,524.9	4,644.4	3,707.9	3,802.6	3,639.1	3,338.0	3,174.1	53,317.5
Economic, total		4,527.8	3,458.9	2,841.3	2,281.7	1,889.3	1,513.2	2,129.3	1,716.9	1,622.9	1,439.2	1,529.1	1,620.0	1,800.2	28,371.9
International cooperation administration		4,434.4	3,442.8	2,822.8	2,198.5	1,809.2	1,444.5	2,032.2	1,643.8	1,533.1	1,320.9	1,333.5	1,307.8	1,365.1	26,690.8
Development loan fund											1.5	66.6	204.4	269.5	542.1
Other mutual security fund economic		93.4	16.1	18.5	83.2	80.1	68.7	97.1	73.1	89.8	116.8	129.0	107.8	165.4	1,139.0
Military			55.7	980.4	1,481.2	4,158.8	3,295.9	2,395.6	2,927.5	2,085.0	2,363.4	2,110.0	1,718.0	1,374.1	24,945.6

[1] In fiscal year 1961, also includes economic development programs.

[2] Includes contributions to international organizations, $1,210.4 million; civilian supplies, $5,051.6 million; British loan, $3,750.0 UNRRA, million; post-UNRRA and interim aid, $3,046.8 million; surplus property credits, $1,429.7 million; Philippines rehabilitation, $634.6 million; civilian relief in Korea, $420.2 million, and other, $1,050 million.

U.S. foreign assistance to mutual security program countries by region and country, cumulative, fiscal year 1946 through fiscal year 1961

[Millions of dollars]

Region and country	Grand total	Total military	Economic assistance													
			Total economic		Mutual security program				Non-mutual security program							
										Public Law 480					Export-Import Bank long-term loans	Other non-MSP programs
										Title I			Title II emergency relief and economic development	Title III voluntary relief agencies		
			Total	Of which loans	Total MSP economic	ICA	DLF	Other MSP economic	Total	Total sales agreements	Planned for— Grants	Planned for— Loans				
Total all countries	90,510.9	28,997.5	61,513.4	21,122.3	31,062.5	27,846.2	1,986.2	1,229.9	30,450.9	(5,859.8)	1,319.3	2,943.3	782.8	1,825.6	6,986.7	16,593.3
Europe	44,097.5	15,475.4	28,622.2	10,503.1	15,218.7	15,001.9	137.0	79.7	13,403.5	(1,603.9)	138.5	631.2	166.3	744.0	2,403.2	9,320.3
Austria	1,170.9		1,170.9	79.1	723.5	723.5			447.4	(40.9)		26.3	24.6	27.3	41.1	328.1
Belgium-Luxembourg	1,984.3	1,243.2	741.1	249.0	558.7	558.7			182.4					.2	150.0	32.2
Denmark	866.4	566.1	300.3	54.3	279.3	279.3			21.0						20.0	1.0
France	9,394.4	4,207.7	5,186.7	1,901.9	3,183.8	3,183.8			2,002.9	(35.6)		7.8		11.9	1,274.1	709.1
Germany (Federal Republic)	4,999.2	951.5	4,047.7	1,243.8	1,470.0	1,470.0			2,577.7	(1.2)			3.4	136.0	10.0	2,428.3
Berlin	131.0		131.0		118.1	114.4		3.7	12.9							12.9
Iceland	69.1		69.1	34.4	59.4	59.4			9.7	(11.6)		9.0			.3	.4
Ireland	146.2		146.2	128.2	146.2	146.2										
Italy (including Trieste)	5,664.8	2,217.7	3,447.1	624.8	1,645.1	1,645.1			1,802.0	(150.3)		104.1	87.4	223.7	215.8	1,171.0
Netherlands	2,449.2	1,220.7	1,228.5	388.8	990.2	987.2	3.0		238.2	(.3)				.1	202.2	36.0
Norway	1,084.7	734.9	349.8	113.4	274.8	274.8			75.0					(1)	50.0	25.0
Poland	514.5		514.5	138.7	61.1	.1		61.0	453.4	(365.3)				11.7	40.0	401.7
Portugal	407.7	328.8	78.9	39.5	49.8	49.8			29.1	(7.1)		3.4		25.7		
Spain	1,631.6	503.0	1,128.6	510.3	564.6	547.6	17.1		564.0	(506.1)	9.9	253.0	3.8	139.7	157.6	
Sweden	108.9		108.9	22.0	106.8	106.8			2.1							2.1
United Kingdom	8,689.0	1,020.8	7,668.2	4,215.4	3,828.9	3,828.9			3,839.3	(48.5)				.3	2.1	3,836.9
Yugoslavia	2,279.9	693.9	1,586.0	521.8	575.6	443.6	117.0	15.0	1,010.4	(437.0)	127.8	227.6	47.1	167.2	105.0	335.7
Regional	2,505.7	1,787.3	718.4	238.0	582.6	582.6			135.8		.8				135.0	
Far East	20,489.4	7,503.0	12,986.4	1,663.1	7,047.7	6,527.3	273.7	246.6	5,938.7	(673.6)	293.1	248.5	72.3	300.5	607.6	4,416.7
Burma	94.2		94.2	59.3	49.5	49.5			44.7	(40.7)	11.0	26.6		2.1		5.0
Cambodia	295.7	76.3	219.4		217.1	217.1			2.3				2.3	(1)		
China, Republic of	4,150.3	2,180.8	1,969.5	315.6	1,330.2	1,096.4	114.1	119.7	639.3	(62.2)	34.0	12.8	2.9	54.1	33.2	502.3
Indochina, undistributed	1,535.2	709.6	825.6		825.6	825.6										
Indonesia	598.9		598.9	353.3	221.7	210.1	11.6		377.2	(168.0)	54.1	85.2		6.7	163.5	67.7
Japan	3,574.6	980.4	2,594.2	324.8	22.0	22.0			2,572.2	(146.3)	.6	105.6	37.0	25.0	205.2	2,198.8
Korea	4,958.0	1,720.7	3,237.3	53.3	2,052.3	1,905.4	25.3	121.6	1,185.0	(215.4)	178.6	3.1	28.4	115.5		859.4
Laos	371.6	107.7	263.9		262.8	262.8			1.1				.8	.3		
Malaya	22.2		22.2	20.0	20.0		20.0		2.2					2.2		
Philippines	1,675.1	390.2	1,284.9	362.0	276.3	236.2	40.2		1,008.6	(13.8)	3.3	5.9		32.9	189.2	777.3
Thailand	649.9	359.2	290.7	68.9	263.8	241.3	22.5		26.9	(4.3)		3.7		.5	16.5	6.2
Vietnam	2,135.3	591.2	1,544.1	95.6	1,465.2	1,425.3	39.9		78.9	(22.9)	11.5	5.6	.7	61.1		
Regional	427.8	386.7	41.1	10.3	41.1	35.7		5.3								
Near East and south Asia	15,307.4	4,841.8	10,465.6	4,475.7	5,668.6	4,463.6	1,202.5	2.5	4,797.0	(2,958.6)	866.1	1,596.3	249.4	466.4	724.4	894.4
Near East	9,686.4	4,183.6	5,502.8	1,769.4	3,502.6	3,084.4	417.6	.4	2,000.2	(809.8)	119.5	471.7	124.7	263.3	425.3	595.7
Cyprus	9.5		9.5		(1)	(1)			9.5				9.5			
Greece	3,225.2	1,487.1	1,738.1	245.2	1,020.1	976.7	43.0	.4	718.0	(86.7)	7.5	53.5	4.1	99.2	17.1	536.7
Iran	1,192.0	528.1	663.9	299.2	515.2	400.3	114.8		148.7	(34.3)	5.8	18.5	15.2	6.8	75.1	27.3
Iraq	66.7	46.1	20.6	.9	17.4	17.4			3.2					2.3		.9
Israel	793.3	1.0	792.3	447.4	374.2	318.2	56.0		418.1	(193.7)	13.3	153.3		53.3	198.1	.1
Jordan	300.4	20.4	280.0	3.7	230.9	227.2	3.7		49.1				35.5	12.3		1.3
Lebanon	88.7	8.6	80.1	10.7	58.3	52.3	5.9		21.8				16.9		3.2	1.7
Saudi Arabia	46.6	(2)	46.6	19.1	27.4	27.4			19.2						14.8	4.4
Syria	54.1		54.1	30.3	8.2		8.2		45.9	(28.2)		22.1	22.1	1.7		
Turkey	3,483.9	2,092.3	1,391.6	485.6	1,134.1	963.3	170.8		257.5	(246.9)	80.9	68.6	12.2	4.5	79.1	12.2
United Arab Republic (Egypt)	384.4		384.4	227.0	84.5	69.3	15.2		299.9	(219.9)	12.0	155.7		83.2	37.9	11.1
Yemen	16.6		16.6		7.3	7.3			9.3				9.3			
CENTO	25.0		25.0		25.0	25.0										
South Asia	4,866.7	2.7	4,864.0	2,686.5	2,085.8	1,301.0	784.8		2,778.2	(2,148.9)	746.5	1,124.7	109.6	199.4	299.1	298.7
Afghanistan	192.5	2.7	179.8	52.2	96.7	96.0	.7		83.1				42.8	.9	39.3	.1
Ceylon	74.1		74.1	23.6	24.1	17.8	6.3		50.0	(25.0)	4.3	14.8	9.3	21.4		
India	3,115.1		3,115.1	2,094.8	1,021.9	475.5	546.4		2,093.2	(1,694.0)	525.3	942.1	5.2	143.7	246.2	230.7
Nepal	44.3		44.3	1.4	23.8	23.4	.4		20.5		15.8	1.0	3.7			
Pakistan	1,450.7	(2)	1,450.7	514.4	919.3	688.3	231.0		531.4	(429.9)	201.1	166.8	48.6	33.4	13.6	67.9
Regional	754.7	655.6	99.1	20.0	80.3	78.2		2.1	18.8				15.2	3.6		
Latin America	5,485.5	479.4	5,006.1	3,903.1	823.4	574.2	227.7	21.5	4,182.7	(608.5)	14.0	462.5	39.2	148.5	3,125.2	393.3
Argentine	538.0	15.4	522.6	520.0	33.3	2.5	30.8		489.3	(62.3)		42.9			446.3	.1
Bolivia	222.9	2.2	220.7	40.2	157.2	149.3	7.8	.2	63.5	(3.3)		2.5	17.4	6.6	26.4	10.6
Brazil	1,711.2	175.5	1,535.7	1,440.5	53.5	53.3	.2		1,482.2	(282.9)	14.0	222.9		21.4	1,178.4	45.5
Chile	517.3	53.6	463.7	369.5	76.3	46.9	19.0	10.5	387.4	(71.2)		56.6		42.5	283.1	5.2
Colombia	327.2	37.8	289.4	245.8	40.5	15.5	25.0		248.9	(69.5)		51.0		26.1	169.0	2.8
Costa Rica	78.8	.1	78.7	31.9	20.8	12.0	8.9		57.9				.2	.8	21.0	35.9
Cuba	51.9	10.5	41.4	37.5	2.8	2.8			38.6					.6	37.5	.5
Dominican Republic	8.8	6.1	2.7		2.1	2.1			.6							.6
Ecuador	100.5	23.0	77.5	53.2	39.0	22.3	16.7		38.5	(11.6)		8.5		3.1	23.2	3.7
El Salvador	16.8	.3	16.5	5.3	9.9	8.3	1.6		6.6					1.1	3.7	1.8
Guatemala	150.3	1.7	148.6	33.1	91.0	78.1	12.9		57.6				3.2	1.9	16.7	35.8
Haiti	90.8	4.0	86.8	30.2	49.9	45.1	4.9		36.9				3.5	5.4	25.0	3.0

Footnotes at end of table.

U.S. foreign assistance to mutual security program countries by region and country, cumulative, fiscal year 1946 through fiscal year 1961—Con.

[Millions of dollars]

Region and country	Grand total	Total military	Economic assistance													
			Total economic		Mutual security program				Non-mutual security program							
										Public Law 480						
										Title I			Title II emergency relief and economic development	Title III voluntary relief agencies	Export-Import Bank long-term loans	Other non-MSP programs
			Total	Of which loans	Total MSP economic	ICA	DLF	Other MSP economic	Total	Total sales agreements	Planned for— Grants	Planned for— Loans				
Latin America—con.																
Honduras	41.5	1.2	40.3	16.4	27.5	19.7	7.8		12.8				.2	2.7	3.5	6.4
Jamaica	6.6		6.6		2.1	2.1			4.6					4.6		
Mexico	630.1	5.8	624.3	509.3	7.9	7.9			616.4	(25.2)		17.7	.2	7.6	491.3	99.6
Nicaragua	54.4	2.1	52.3	23.3	18.3	8.1	10.2		34.0					.2	13.1	20.7
Panama	74.9	.1	74.8	32.0	28.6	20.8	7.8		46.2					5.7	17.2	23.3
Paraguay	50.5	.6	49.9	28.4	31.8	17.0	14.9		18.1	(2.9)		2.1		2.7	10.4	2.9
Peru	376.1	64.4	311.7	256.8	57.2	26.7	30.5		254.5	(33.2)		23.4	14.1	11.0	195.4	10.6
Uruguay	79.2	27.3	51.9	48.5	10.7	1.9	8.8		41.2	(46.4)		34.9		.5	2.6	3.2
Venezuela	195.7	41.5	154.2	151.4	16.3	1.3	15.0		137.9						136.4	1.5
West Indies and Eastern Caribbean	10.3		10.3		8.0	8.0			2.3					2.3		
British Guiana	2.0		2.0		1.4	1.4			.6					.6		
British Honduras	1.6		1.6		.6	.6			1.0				.3	.7		
Surinam	2.9		2.9		2.4	2.4			.5					.5		
Regional	145.5	6.3	139.2	30.0	34.2	[3] 18.4	[3] 5.0	10.8	105.0						25.0	80.0
Africa	1,270.7	81.5	1,189.2	489.8	724.0	583.4	140.6		465.2	(15.3)	7.7	4.6	228.7	36.9	126.5	60.8
Cameroon	2.2		2.2		2.0	2.0			.2					.2		
Central African Republic	(1)		(1)		(1)	(1)										
Chad	.1		.1		.1	.1			(1)					(1)		
Congo (Brazzaville)	.1		.1		.1	.1										
Congo (Leopoldville)	13.3		13.3		2.5	2.5			10.8				10.1	.7		
Dahomey	3.1		3.1		2.0	2.0			1.1					1.1		
Ethiopia	180.4	55.8	124.6	67.4	76.6	46.9	29.6		48.0				8.9	.8	37.4	.9
Gabon	.1		.1		.1	.1			(1)					(1)		
Ghana	26.4		26.4	20.0	24.1	4.1	20.0		2.3				.6	1.7		
Guinea	4.0		4.0		2.3	2.3			1.7				1.7			
Ivory Coast	2.1		2.1		2.1	2.1										
Kenya	7.3		7.3		5.1	5.1			2.2				1.6	.6		
Liberia	115.5	2.4	113.1	85.0	29.4	26.2	3.2		83.7					1.0	74.8	7.9
Libya	179.0	3.7	175.3	8.5	110.7	105.7	5.0		64.6				28.8	6.5		29.4
Malagasy Republic	.5		.5		.5	.5			(1)				(1)	(1)		
Mali Republic of	3.1	.6	2.5		2.5	2.5										
Mauritania	1.6		1.6	[4] 1.4	1.5	1.5			.1					.1		
Morocco	302.2	(5)	302.2	192.9	208.9	185.9	23.0		93.3				73.7	19.6		
Niger	2.0		2.0		2.0	2.0			(1)					(1)		
Nigeria	19.3		19.3	3.9	18.8	15.0	3.7		.5					.3		.2
Rhodesia and Nyasaland	33.3		33.3	32.4	10.9	10.9			22.4					(1)		22.4
Senegal	3.6		3.6		3.6	3.6										
Sierra Leone	1.0		1.0		.7	.7			.3					.3		
Somali Republic	13.1		13.1	2.0	12.8	10.8	2.0		.3				.3	(1)		
Sudan	51.2		51.2	10.0	51.2	41.2	10.0		(1)					(1)		
Tanganyika	4.4		4.4	1.9	2.5	.6	1.9		1.9				1.7	.2		
Togo	1.9		1.9		1.1	1.1			.8					.8		
Tunisia	254.7	(5)	254.7	51.9	137.4	95.3	42.1		117.3	(15.3)	7.7	4.6	101.2	2.0	1.8	
Uganda	1.0		1.0		.8	.8			.2					.2		
Upper Volta	2.0		2.0		2.0	2.0			(1)					(1)		
Other French communities and possessions	6.0		6.0		6.0	6.0										
Other Portuguese possessions	12.8		12.8	[6] 12.5	.3	.3			12.5						12.5	
Other British territories (sterling area)	.7		.7		.3	.3			.4					.4		
Regional	22.3	19.0	3.3		3.3	3.3										
Nonregional	3,860.4	616.2	3,244.2	87.4	1,580.3	696.1	4.8	879.6	1,663.9				26.8	129.5		1,507.6

[1] Less than $50,000.
[2] Military data classified and included in Near East and south Asia regional total.
[3] Includes Central American Bank formed by El Salvador, Guatemala, Honduras and Nicaragua.
[4] Loan to France for Mauritania.
[5] Military data classified and included in Africa regional total.
[6] Loan to Portugal for Mozambique.

The foregoing tables are taken from the publication titled "U.S. Foreign Assistance and Assistance from International Organizations—Obligations and Authorizations" prepared by the Agency for International Development, Statistics and Reports Division.

MARGUERITE STITT CHURCH.
E. ROSS ADAIR.

Mr. ZABLOCKI. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. RYAN].

(Mr. RYAN of New York asked and was given permission to revise and extend his remarks.)

Mr. RYAN of New York. Mr. Chairman, I rise to discuss an issue about which I have been deeply concerned for a long time, an issue which tests our fundamental commitment to our ideals and principles—Arab discrimination against citizens of the United States.

Last year at about this time we were considering the Act for International Development of 1961. The House version of that act contained language on this subject similar to H.R. 11921, the bill before us today. The 1961 House bill declared:

Any attempt by foreign countries to create distinctions because of their race or religion among American citizens in the granting of personal or commercial access or any

other rights otherwise available is repugnant to our principles.

Unfortunately, the Senate version in 1961 contained language on this subject which was much weaker than the House bill. Many of us were distressed when the House language was stricken in conference and section 102 of the present Foreign Assistance Act—Public Law 87–195—substituted in its place.

On August 15, 1961, I spoke in favor of the House version. At that time I pointed out that the Arab League economic boycott initiated in 1951 against Israel had been extended. This infamous boycott now includes American firms having Americans of the Jewish faith among their owners, officers, directors, and personnel. As part of the boycott Arab League countries have refused visas or admittance to American citizens who are suspected of being Jewish or who have visited or intend to visit Israel. In addition, U.S. citizens of the Jewish faith have been barred from serving in a military or civilian capacity in certain U.S. installations abroad. We have seen many examples of Arab discrimination. Last year Helen Hayes and the American Theater Guild Company were banned from Cairo when it was learned that they were planning to visit Israel. A former Washington, D.C., Wac on her way from Bombay to Rome was forced to remain on the airplane during a stopover at Dhaharan, Saudi Arabia, because the crew feared that the Saudis would learn that the woman was Jewish. In this connection a Member of this body was refused a visa to visit Saudi Arabia and the Dhaharan airbase, which was built with U.S. funds, because of his religion. Last fall a plane carrying a Foreign Affairs subcommittee chaired by our colleague from Georgia [Mr. PILCHER] was asked by the Lebanese whether there were any Jewish Congressmen or staff aboard. If the answer were in the affirmative, presumably the craft would not have been permitted to land.

Mr. Chairman, because discrimination against U.S. citizens on the basis of race, religion, creed, or color is abhorrent to the basic principles and beliefs of our democracy, on February 15, 1962, I introduced House Concurrent Resolution 420 which expresses the sense of Congress that—

> Any such discrimination directed against U.S. citizens is incompatible with the relations that should exist among friendly nations, that the United States should issue a strong protest against such discrimination, that in all negotiations between the United States and any foreign state the United States should insist upon the elimination of such discrimination, and that the United States should not be a party to any agreement which allows a foreign nation to discriminate against U.S. citizens because of race, religion, creed, or color.

The sentiments expressed in this resolution have been echoed by seven State legislatures, including New York State, which have passed resolutions condemning Arab discrimination. In addition, on December 11, 1961, at its annual convention, the AFL–CIO adopted a resolution which included the following statement:

> We insist that any attempt by Arab nations to create distinctions among American citizens because of their race or religion in the granting of personal or commercial access or any other rights otherwise available to U.S. citizens generally, is repugnant to our principles

These resolutions are consistent with a longstanding policy of the American Government to protect the rights of U.S. citizens abroad. Thus the right of protection, under the act of July 27, 1868, admits no religious limitation. In 1885 Secretary of State Thomas Bayard in a note protesting Austro-Hungarian anti-Semitism directed at the family of an American diplomat made it clear that—

> Religious liberty is the chief cornerstone of the American system of government and provisions for its security are imbedded in the written charter and interwoven in the moral fabric of its laws.
>
> Anything that tends to invade a right so essential and sacred must be carefully guarded against, and I am satisfied that my countrymen, ever mindful of the sufferings and sacrifices necessary to obtain it, will never consent to its impairment for any reason or under any pretext whatsoever.

Woodrow Wilson, then Governor of New Jersey, eloquently protested Russian discrimination against American Jews. In a protest meeting at Carnegie Hall on December 6, 1911, he stated:

> They are not Jews in America; they are American citizens. * * * By our action for them shall be tested our sincerity, our genuineness, the reality of principle among us. * * *. There is here a greater stake than any other upon which we could set our hearts. Here is the final test of our ability to square our politics with our principles. We may now enjoy the exhilaration of matching our professions with handsome performance. We are not here to express our sympathy with our Jewish fellow citizens, but to make evident our sense of identity with them. This is not their cause; it is America's. It is the cause of all who love justice and do right.

Mr. Chairman, once again we have the opportunity to square our politics with our principles. I am happy to say that the language in section 101 of H.R. 11921 condemning the discriminatory practices of foreign nations against our citizens is much stronger than the present law and is more forthright on this subject than the House version last year. Again I urge all the Members of this body to support this statement. Let us be firm in our commitment to democracy and not have a repetition of what happened last year in conference. I am confident that with the wholehearted support of the House and with steadfastness on the part of the House conferees the present version of section 101 of H.R. 11921 will become law. It provides:

> The Congress further declares that any attempt by foreign nations to make distinctions between American citizens because of race, color, or religion in the granting of personal or commercial access or in the exercise of any other rights available to American citizens, or the use by any foreign nation of assistance made available by the United States to carry out any program or activity of such nation in the course of which discrimination is practiced against any citizen of the United States by reason of his race, color, or religion is repugnant to our principles; and in all negotiations with any foreign nation with respect to any funds appropriated under authority of this Act, these principles shall be applied. The Secretary of State shall report annually on the measures taken to apply the principles stated above.

In addition, I understand that the Foreign Affairs Committee will seek to amend the bill before us to include section 302(e) of this year's Senate foreign aid bill, S. 2996. This section would require the President to report to Congress after the close of each fiscal year "on the progress under the freedom of navigation and nondiscrimination declaration contained in section 102." This amendment will insure that the Congress will be able to judge whether its wishes are being carried out. It is most important that we approve of this amendment to show our sincerity and deep concern over the flagrant violation of American principles by the Arab States.

It is our obligation to insure that the ideals of our democracy are maintained. In order to meet this obligation I urge my colleagues to support the present language in section 101 of H.R. 11921 and to support the committee amendment requiring Presidential reports.

Mr. McDOWELL. Mr. Chairman, will the gentleman yield ?

Mr. RYAN of New York. I yield to the gentleman from Delaware.

Mr. McDOWELL. The language to which the gentleman refers has been inserted in the act, and it was presented in an amendment offered by the gentleman from New York [Mr. FARBSTEIN], a member of the committee, and is now a part of the act.

Mr. RYAN of New York. The language of section 101 is new language. It appears on page 2 of the bill. That is what I have been discussing. I understand that the Foreign Affairs Committee itself will seek to amend the bill now before us to include a provision which is in the Senate bill, which was passed by the Senate earlier this year, to require the President to report after the close of each fiscal year on progress achieved in carrying out the spirit and the principles enunciated in the language of section 101 of the bill before us.

Mr. McDOWELL. Is the gentleman aware of the language on page 47 of the committee report, which is chapter 1, the short title and policy, of the act?

Mr. RYAN of New York. That is the language which I am urging the House conferees to insist on without retreating. I believe the inclusion of an amendment similar to section 302(e) of S. 2996, which I understand will be offered, will go further than the bill now before us and will require the President to submit in his annual report a statement as to what steps have been taken to protect American citizens from Arab discrimination. I think that is good, and I hope that it will be adopted when it is presented.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. RYAN of New York. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. Mr. Chairman, the gentleman from New York [Mr. FARBSTEIN], a member of the committee, has urged the adoption of this amendment.

Mr. RYAN of New York. I am glad to know the committee will offer such

an amendment, and I am delighted to know it will have such support.

Mrs. BOLTON. Mr. Chairman, I yield 15 minutes to the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, this is an event. I do want to thank the gentlewoman from Ohio for the time she has yielded me.

Mrs. BOLTON. I am very glad to yield to the gentleman such time as he wanted.

Mr. GROSS. Mr. Chairman, the question has just been raised about the repugnancy provision, as it has been called—whether it is repugnancy or civil rights I do not know—but let me ask the chairman, does this apply only to appropriated funds or would it apply to aid to the nations where we were discriminated against for various reasons, including religion, color, race, and so forth? Would this apply only to funds or would it also apply to Public Law 480 agricultural products and other expenditures?

Mr. MORGAN. It would apply to both. It is a statement of general policy on a very basic issue.

Mr. GROSS. It would apply to anything, not just funds as specified here?

Mr. MORGAN. It would apply to the way we administer the funds carried here.

Mr. GROSS. I thank the gentleman.

We have heard it stated this afternoon that the world being in a swing, that this bill is necessary and these funds are necessary because the world is in a swing. I would like to add that the United States is also in a swing with a financial noose around its neck. That is one of the reasons why this bill ought to be cut down to about $1 billion, that is, the total spending for foreign aid ought to be cut down to about $1 billion and then this program wiped out entirely, except for some assistance to a few deserving nations.

Also, we have heard about the so-called flexible authority in this bill. I would like to ask the chairman a question about the provision to be found on page 5. I asked the question a while ago and did not get a very good answer to my question. The provision reads:

> The President is authorized to provide assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

That is not flexible authority; this is a complete blank check to spend the money provided for in this title of the bill.

Mr. MORGAN. This is the same language that has been in the bill regularly for the last several years with respect to development loans.

Mr. GROSS. For how many years?

Mr. MORGAN. I believe this phrasing has appeared for at least 6 years.

Mr. GROSS. It is a bad provision, I will say to the gentleman, to give to any President, and I do not care who he is, this kind of untrammeled and unconscionable authority, and I will offer an amendment, if no one else does, to strike it out. It is imperative that Congress retain control of the pursestrings.

I would like to call to the attention of the gentleman from Pennsylvania, the provision on page 11 dealing with Japan, and ask him why this provision is in the bill. I refer to section 618 having to do with the use of settlement receipts. Is this in the nature of rubberstamp approval of the settlement that was made only a few months ago on the so-called loan which we made to the Japanese several years ago for $1,889,000,000 as I remember the figure; did we settle that for $490 million with $25 million of that amount earmarked for the promotion of culture and education between the United States and Japan, and the rest of the $490 million earmarked to develop markets for Japanese products in Asia and elsewhere?

Mr. MORGAN. This has to do with that agreement. The Japanese made a settlement for the aid we gave them after the war.

Mr. GROSS. It does have to do with it?

Mr. MORGAN. Yes.

Mr. GROSS. Does the gentleman say that it does?

Mr. MORGAN. Yes, it does. This was the agreement worked out with the Japanese in that settlement.

Mr. GROSS. So we are now asked to rubberstamp approval of the agreement by which a loan of $1,889,000,000 or approximately that amount was settled for $490 million? Is that what we are being asked to do when we vote for this bill?

Mr. MORGAN. I think the settlement was approximately $490 million. The agreement has been concluded. This provision deals only with the use of the money which the Japanese are committed to pay.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Illinois.

Mr. COLLIER. I wonder if I might ask any member of the committee this question. During the hearings on this bill, was there any indication that in the event this discrimination in any foreign nation against American citizens for reasons of race, color or creed continued that there would be, in fact, definite steps taken in the way of reducing or eliminating or cutting out funds if it persisted or is it simply an indication that we would continue to find it repugnant?

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. There are continuing steps being taken in this area not only at the urging of the Congress, but also at the urging of the executive department seeking to eliminate these discriminatory practices wherever they may exist. I might also add that we have accomplished considerable in this very matter that we are now discussing.

Mr. COLLIER. Specifically, what, sir?

Mr. GALLAGHER. As to the specific cases, they are of a confidential nature, some of which I would be happy to show the gentleman, if he wishes. Some of them we try not to disclose at this time in order not to cut back further progress that we are making in certain areas, especially in the Middle East. The committee would be very happy to disclose some of this to the gentleman.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. JUDD. It should be said in connection with the gentleman's original discussion of settlement receipts from Japan, that the $490 million which Japan is to pay and is herein authorized to be used for purposes of long-term development loans, is not in addition to other funds authorized in the bill. It is a part of the total. The Japanese themselves, as I recall, suggested that, in order for the agreement to be more, shall I put it, palatable to their people, the money repaid to the United States be used for long-term development loans in underdeveloped areas as part of the U.S. foreign assistance program. It is not an addition to, it is a part of the total amount authorized.

Mr. GROSS. Yes, it has come to the point where everything we do is for the purpose of making everything palatable all over the world.

Mr. JUDD. Surely, it is much better to do it in ways that bring good will, inasmuch as we would have to spend the same amount for that purpose anyway.

Mr. GROSS. As far as I can discover, there is not a line in this bill to indicate that the $1.8 billion loaned to Japan is ever going to come back to the U.S. Treasury.

Mr. JUDD. The amount repaid will come back to the U.S. Treasury in the same way all loans come back.

Mr. GROSS. We have already written that down to $490 million.

Mr. JUDD. That will come back to the Treasury.

Mr. GROSS. No, that is to be spent to develop markets for Japanese products.

Mr. JUDD. No, it has to be reappropriated by the Congress, under the terms of the section.

Mr. GROSS. Am I to believe that the Foreign Affairs Committee will not insist that the appropriation be made?

Mr. JUDD. If this bill passes, it will not come again to this committee; it will come to the Appropriations Committee.

Mr. KYL. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. KYL. Perhaps some of these things are out of order, but there is one matter I want to ask about. Is the Government going to spend $635,000 for buildings in Ouagadougou to house 15 Americans?

Mr. GROSS. What is that?

Mr. KYL. Ouagadougou.

Mr. GROSS. Where is that?

Mr. KYL. On the upper Volta.

Mr. GROSS. What?

Mr. KYL. On the upper Volta.

Mr. GROSS. Volta or Volga?

Mr. KYL. The matter was revealed by Mr. James R. Johnstone, the State Department's Deputy Assistant for Foreign Buildings. He said the Department planned to spend $635,000 for buildings in Ouagadougou to house 15 Americans stationed there in this new country.

Mrs. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield. I hope the gentlewoman can shed some light on this.

Mrs. BOLTON. I certainly can shed this much light on it: The building committee will have its turn on the floor and the gentleman will then have an opportunity to ask all the questions he wants about Ouagadougou. In the meanwhile I am told by one of the men who knows Africa rather well that it is on the lower Volta, not the upper Volta; and it is not in this bill at all. I hope we will not waste any time on things outside of this bill.

Thank you very much.

Mr. GROSS. I wonder if the $3 million item for air conditioning a yacht for Haile Selassie is in this bill, or was it provided for in the bill last year?

Mr. KYL. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. KYL. Perhaps the gentleman will permit one further reference. It is to this matter of the taxpayers having to spend $256,000 on a 122-day tour to some place by one Joey Adams and about some other uncomplimentary behavior of those who went with him on this particular tour. Was this part of the program in this bill?

Mr. GROSS. I yield to someone else to answer the gentleman.

Mrs. BOLTON. If the gentleman will yield, Mr. Chairman, this also is no part of this bill.

Mr. ALGER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. ALGER. We have been hearing a great deal about the balance-of-payments situation. I ask the gentleman if this does not result mostly from our gifts abroad, as a result of the money we have given away? My question to the gentleman is this: Does he know of any concern over the deficit?

Mr. GROSS. I certainly share the concern of the gentleman from Texas. Nothing gives me more concern than the $330 billion of debt that the Federal Government had in 1961 and the $1,078 billion—more than a trillion dollars of public and private debt that this country had in 1961.

Mr. ALGER. I would like to join with the gentleman in his expression of concern.

Mr. Chairman, there are many, many inconsistencies and contradictions in our foreign aid program, so much so that any one of several mistakes of the past and/or combination of mistakes defeates and overrides any alleged good the program is accomplishing. True, we all agree that we want to promote mutual security whenever such effort can be reasonably expected to be crowned by success. Yet our program has failed miserably many years through mismanagement, waste, trying to buy friends, exporting socialism not capitalism, and other equally grievous errors of judgment on our part. Far worse is our characteristic that we fail to learn from experience.

Even though much good has been done and can be done in the future through military assistance to trusted allies, we have far overbalanced this good by the endangerment of ourselves and the free world in giving aid and comfort to the enemy; that is, the Communists, whether part of international communism or not, and then the help to the socialist nations, and the neutrals who are not pledged to supporting freedom for which we stand.

In my disagreement over the basic errors of judgment, no criticism that I nor anyone can make at this time, it seems to me, exceeds in danger the present imbalance of payments and gold outflow which this foreign aid bill will accentuate, with approximately $16½ billion in gold reserve remaining and approximately $11½ billion of this amount undergirding our money assuring stability of the dollar and with the world holding obligations against our gold of over $20 billion. Now we are asked to give away another $4.8 billion, any or all of which may become a demand for our gold. How utterly irresponsible fiscally is such conduct on our part at this time.

The report states on page 4:

> It is more important to win the cold war in which foreign aid is of critical importance than to seek to reduce the outflow of gold by excessive reductions in these expenditures, thus jeopardizing the basic objectives of our foreign aid program.

How in the name of commonsense do we protect our country by willingly and purposely destroying the value of our money? Anything jeopardizing our economic strength as leader of the free world jeopardizes the entire world at this critical time. We can never win the cold war or any war in a weakened economic position, and this foreign aid program weakens our economic position in the world today.

The report further states:

> The foreign aid program although contributing to the balance-of-payments problems is not a decisive factor in this admittedly serious situation.

This is just not so; I must categorically contradict such a conclusion as so stated in the report. Yet in the next sentence the report states:

> The balance-of-payments gold problem however remains so serious and is so complex that continuing attention must be given in the administration of the foreign aid program to ways in which U.S. position may be improved.

This, of course, contradicts the previous statement. My suggestion to improve the U.S. position is to stop giving our money away. Neccssary military expenditures, yes; but the wholesale expenditures in economic assistance and diverse contingency programs must be immediately eliminated.

There are many other criticisms which I must make which are not in matters of degree but differences of kind, outright contradictions which once mentioned or remembered are self-evident. The report states:

> This bill authorizes the funds with which United States implements its cold war strategy.

Our cold war strategy is not and will not be successful through U.S. deficit financing; that is, borrowing money, that is, charging it to give it away. Any schoolboy and certainly every banker knows you do not strengthen yourself when you borrow to give it away.

Then you compound the error when you give it to the enemy, such as Yugoslavia, Poland, and other Communist nations, or to so-called neutrals, such as India, and others allegedly neutral, and then give less or little to your allies who are friends because of respect for our strength, not because we can buy their friendship. By now we should realize how utterly failing in its task foreign aid is of winning the cold war.

Frequently mentioned in the report, both majority and minority positions, is the wastefulness and maladministration and makes it obvious that even proponents recognize the basic weaknesses and failures that must be corrected. As it is, the whole program fails and in failing jeopardizes our entire economic position at home and abroad. The report says:

> While we may always hope that someday there may be invented a better means of obtaining our foreign policies objectives than the foreign assistance program, neither the present administration or its predecessor has been able to do so.

My suggestion paraphrasing this statement is that we reimpose a Western Hemisphere Monroe Doctrine, and that we guarantee safe conduct for Americans and protection for their property everywhere in the world and that we hardheadedly bargain in trade and economic matters and stop giving away or loaning our money under the mistaken premise that we are attaining our foreign policy objectives. Toughness and respect alone can protect us by attracting strong allies and by at the least winning respect, even fear, of those who would disagree with us.

Giving our money and property away or loaning it under uneconomic arrangements is not winning any foreign policy objectives, but rather is in the nature of losing our collective shirts and at the same time looking foolish in the eyes of other nations, who hardheadedly must always compute profit and loss and living within their income.

I want to compliment the gentlewoman from Illinois [Mrs. CHURCH] and the gentleman from Indiana [Mr. ADAIR] for their clear headed presentation of minority views, I deeply regret that more members of the Foreign Affairs Committee did not join with them. Their views, to my mind, are utterly commonsense and noncontradictable. The summary by fiscal year, and programing by region and country from years 1946 through fiscal 1961 I recognize as the lessons from experience, and underlying logic of the

minority views and supports my disagreement with this new foreign aid bill, the Foreign Assistance Act of 1962.

This bill must not be passed in its present form. Only military assistance should be enacted at this time while we evaluate present programs and trim our spending to the stark realities of deficit financing, our present fiscal position. Certainly we must eliminate any aid to Communist countries whether part of the international conspiracy or not. Indeed we should not give aid to any nation that is not dedicated to the preservation of the dignities and freedoms of its citizens. To do otherwise is to court disaster, be a party to our own suicide as a Nation, and to the demise of the free world.

(Mr. ALGER asked and was given permission to revise and extend his remarks.)

Mr. WINSTEAD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Mississippi.

Mr. WINSTEAD. We hear a lot about a tax cut. How are we going to cut taxes with all this deficit we have and the other problems we have?

Mr. GROSS. That is a very good question. The gentleman will have to address that to some of those who have been voting for these multibillion-dollar handouts each year and all over the world, from Iceland to Timbuktu. If they can turn over a stone and find enough of a depression to throw in some money, they will dump it there. I ask my friend from Mississippi to pose his question to someone who has been voting for this giveaway through the years. Neither the gentleman from Mississippi nor the gentleman from Iowa have been a party to this business.

Mr. WINSTEAD. I do not see how we can cut taxes and do all the things we are called upon to do. How can we expect a tax cut with an interest of $7 billion this year to be paid?

Mr. GROSS. We are not skating, financially speaking, on good solid ice in this country. We are just walking in the water with our skates on.

Mr. WINSTEAD. I have been rather disturbed over whether they are going to cut my taxes or lower my taxes. I have heard it discussed both ways.

Mr. WAGGONNER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Louisiana.

Mr. WAGGONNER. Would the gentleman feel it is necessary under the settlement of this debt of Japan being reduced to the amount it is, that this will be made necessary in order that the Japanese investors may come over here and build plants and use some of that money in that respect?

Mr. GROSS. If the newspapers are correct, the Japanese say they do not want any part of an industrial operation in the United States. I can understand that fully for they never had it so good in Japan, and they are going to be helped some more by the free trade bill that was passed by the House the other day. Does the gentleman remember that one?

Mr. WAGGONNER. Yes, I do.

Mr. GROSS. So the Japanese are going to be helped some more. There is no end to this, there is no bottom to the U.S. Treasury barrel, apparently, in the minds of some people. All that is necessary is start the printing presses rolling, and load the country and future generations with more and more debt.

Mr. KYL. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Iowa.

Mr. KYL. It has been suggested that Ouagadougou and the $650,000 building and other subjects of that kind do not belong in this discussion. In my opinion, that is one of the things that is wrong with the program. The same people who administer the regular State Department business are concerned with administering this foreign aid. If there is any inefficiency anywhere, we should not shut our eyes to it and say that is something we should talk about at some other time. It is all a part of the same picture.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. I want to tell the gentleman from Iowa [Mr. KYL], that the building bill is a separate piece of legislation. It has been reported by the Committee on Foreign Affairs and is now pending before the Rules Committee. It involves authorization for various buildings which have been very carefully gone over by the committee. That building in Africa is not being financed under the authority of the foreign aid bill. These buildings are financed under the regular State-Justice Departments appropriation bill.

Mr. GROSS. I want to point out another feature of this bill. It increases the loan guarantee fund, as I understand the provision, to $1,300 million from the present ceiling of $1 billion.

Mr. MORGAN. That is correct.

Mr. GROSS. One hundred billion dollars has been ladled out in this foreign giveaway program and those who supported it through the years have said: just spend this money and we will create a climate favorable to American investments all over the world. Then American investors would take over, we were told. Just spend enough money to provide the right kind of a climate, they said. And here in this bill you are going to increase guarantees that an American businessman cannot get on his business in the United States. War damage claims, convertibility of currency, guarantees against confiscation—you name it and you provide guarantees for it. Where is the climate that you were going to establish?

Mr. MORGAN. The gentleman knows that the losses on this program have been at an absolute minimum. The program has been in effect ever since the Marshall plan days. There have been only two losses so far and we expect to recover most of the small amount we have had to pay out.

Mr. GROSS. How can you have losses when you write off so-called losses, as was done with Japan? How can you have losses when you write them off for a few cents on the dollar all over the world?

Now, the other day somebody downtown—the newspapers did not say what agency or department it was—loaned $35 million to Israel; a 20-year loan. What is the interest on it? Three-fourths of 1 percent. What do you think the Government is going to have to pay for the money it borrows to give Israel $35 million? Pretty close to 4 percent for the money, will they not? Who is going to take up the slack for that financial manipulation? The poor busted taxpayers of this country, and you know it. Could you borrow from Israel for three-fourths of 1 percent, do you think? It would likely be 6 or 7 percent.

Of course you have not had really bad experience from these so-called loans you have been making, because you have been writing them off. You have been sweeping them under the rug. But, if we ever blow up in this country—and it is inevitable at the rate we are going—when we bust up in this country financially, watch the house of cards come down all over the world. You will have it in your laps. I am not going to be a party to it.

Mr. MORGAN. Mr. Chairman, I yield 12 minutes to the gentleman from Texas [Mr. CASEY].

Mr. CASEY. Mr. Chairman, I thank the distinguished gentleman for yielding me this time.

Mr. Chairman, as I advised the Members of this House a few weeks ago, I intend to offer my amendment to this bill to prohibit any aid or assistance going to 18 specific Communist countries, including Yugoslavia, Poland, and Cuba.

This will be the same amendment that this House adopted last year when this authorization bill was before us. I know many of you shared with me the feeling of disappointment when our amendment was deleted in the conference committee and replaced by a generalization passed by the other body.

This year we have seen the other body take up the authorization bill first and originally adopt practically the same prohibition against aid to Communist countries which we adopted last year, but then weaken this the very next day.

Ask yourselves why the other body acted as it did this year when last year it was responsible for knocking my amendment in the head. I'll tell you why, and I think you will agree with me that the reason was that the people they represent let them know that they wanted them to follow the leadership of the House and to stop using their tax money to promote and advance Communist governments and ideologies.

I have always contended that the House of Representatives was more alert to the wishes of the people than the Senate. If the other body can see the point as clearly as they have, I am confident that the House will again furnish the leadership to put an end to all forms of aid to Communist countries. The corporation director, the stockholder, and the plant worker are tired of their tax money being used in Communist countries to build steel mills, fertilizer fac-

tories, chemical and plastic plants, transport systems—at a time when our own plants are producing at half their capacity, which means a reduced pay check and small profits.

We are told there is a great need to aid such Communist dictators as Tito and Gromulka. I have listened to and read the arguments of those who favor such aid, for this has been a matter of great concern to me and to my people for many years. And I challenge the contention of those who state that withdrawal of such aid will drive Yugoslavia and Poland back into what is loosely called the Sino-Soviet bloc.

In my opinion, neither Poland nor Yugoslavia ever left this bloc—and I intend to try and prove it today. I fail to see any difference between an independent Communist, a middle-of-the-road Communist, or the plain Red variety found in China or Russia.

On February 5 Secretary of State Dean Rusk testified before the Select Committee on Export Control. He contended that the independence of Yugoslavia was firmly established, and he tried to defend the position that Yugoslavia takes in opposing us on international issues by stating that our policies are not designed to purchase friendships or to purchase allies.

Let us look at how the Select Committee on Export Control reacted to Secretary Rusk's position. Let me cite a brief section of their report of May 25, 1962:

Further, the select committee has considerable doubt that Yugoslavia is completely free of any domination by the U.S.S.R. The reported display of 20 new Soviet-made T–54 tanks in the recent May Day parade in Belgrade, coupled with the reported statement of Marshal Tito on May 6, 1962, that a turnback from liberalization toward tight Communist Party control was underway in Yugoslavia is certainly not indicative of the lack of some dominance by the U.S.S.R.

Mr. Chairman, I could not agree more with this committee's assessment.

My concern over aiding Communist Yugoslavia, and our whole field of foreign affairs, prompted me to write Secretary Rusk expressing this concern last May 24. In his reply he stated all the arguments that you have heard about Yugoslavia's independence and the long years in which we have continued this aid through three administrations, and then he challenged that those who would reverse our policy must make a case for driving Yugoslavia back into the bloc. I still contend that they have never left the bloc, and are playing both ends against the middle, with us being the sucker. To show you the confusion in the executive department on this point, I would cite you last Sunday's Washington Post, an article by our Ambassador to Yugoslavia, Mr. George Kennan, in which he stated:

It is sometimes said that the effect of these amendments would be to force Yugoslavia back into the Soviet bloc. I would not go this far.

Mr. Chairman, this delusion that Yugoslavia is not part of the Soviet bloc, that it is independent of Russian domination, has cost the American taxpayers a grand total of $2¼ billion dollars since 1946, spent in aiding Communist Dictator Tito pursue his independent brand of communism.

In the past 2 years Communist Yugoslavia has supported Russia and opposed the United States in the United Nations some 44 times, while supporting us only 6 times.

Seldom a month goes by that there is not a reaffirmation of the Red bonds that tie Moscow and Belgrade together. On May 17, 1962, the wire services reported from Bulgaria that Khrushchev declares Tito a friend again. The Russian Premier stated:

Our relations with Yugoslavia were rather strained previously, but now I can say with satisfaction that our relations are normal, and I would even say good.

On May 23, Russia announced it will purchase Yugoslav ships, including large tankers and freighters.

Is there any doubt where the steel for these ships will be made? From steel mills built with American tax money, from scrap iron shipped through my own port of Houston. Scrap iron paid by the withholding taxes of your workers.

Mr. Chairman, the position taken by the executive branch on the issue of aiding Communist countries has aroused the deep concern of nearly every Member and many of the committees of this House.

The Ways and Means Committee, in its report on the Trade Expansion Act of 1962, stated, on page 4:

The President is to take action as soon as practicable to prevent the application of trade agreement benefits to products of Communist countries or areas. The scope of the definition "Communist country" has been broadened with the intended effect of requiring denial of trade agreement benefits to products of Cuba, Poland, and Yugoslavia.

On June 25, the Committee on Government Operations issued a stinging report on the "Commingling of United States and Communist Foreign Aid," an indictment of gross mismanagement. On July 10, World magazine quoted our distinguished colleague, Representative PORTER HARDY, JR., chairman of the investigating subcommitte, as follows:

I'm sure it never occurred to anyone in the Congress that it would be necessary to include in the foreign aid bill a specific provision prohibiting the use of American taxpayers' dollars in a manner which could promote the cause of communism. Apparently, we took too much for granted.

Mr. Chairman, the American taxpayer owes a debt of gratitude to the members of that subcommittee and to its chairman. And I know that the 124 Members who voted for the amendment I offered last year would agree that indeed, this Congress has taken too much for granted, and indeed, such a rigid prohibition is needed.

We are setting a horrible example to our neighbors to the south who are contemplating changes in government. Will they be discouraged from setting up communistic regimes if they feel that they may still share in our bounty?

How about those leaders of South America who have joined with us to oppose the threat of world communism? What is their viewpoint?

Let me cite a few paragraphs from the April 30, 1962, general report of the Special Consultative Committee on Security of the Organization of American States. It is one of the most penetrating analyses of the problem the free world faces in its fight to survive Communist domination, and it should be required reading for every member of the executive branch, and especially those in the Department of State and the Agency for International Development. It states:

There is no room for doubt that the world is virtually at war—an atypical kind of war, which is being waged by international communism and suffered by the democracies. * * * Unfortunately, this present stage of affairs has found the free world inadequately prepared * * * the structure of the democratic countries taken as a whole is not monolithic, in the same sense as that of the Communist world, whose unity of command has so far shown no rifts. Irrespective of whether the ideological dispute between the principal members of the Communist world is fictitious or real, the important thing is that any such dispute does not substantially affect the tactic of deceiving and upsetting the free world.

Their firm will to win is impelled by the aim to destroy everything that is not communism itself.

Mr. Chairman, with this I heartily agree. But the report continues:

In September 1961 the Conference of Unalined Countries was held in Belgrade, Yugoslavia, with 28 nations participating. The basic topic was the fight for national independence and support for the fight in Alegria, Angola, Tunisia, and the Congo. But no attention was paid to the fact that nations such as Hungary, Czechoslovakia, and Tibet—among others—have the same yearning for independence. Harsh criticism was applied to the countries that international communism calls capitalist and imperialist, and disarmament and the easing of world tensions were endorsed. Nonetheless, no reference was made to the nuclear tests that the U.S.S.R. was carrying on during the week when the Conference was meeting.

This special OAS report, dated April 30, 1962, held that the Communist advance is due mainly to the lack of information regarding its true aims.

It cited Khrushchev's statement of January 6, 1961:

The unity of the ranks of every Communist Party and the unity of all Communist parties constitute the united international Communist movement directed at the achievement of our common goal—the triumph of communism throughout the world.

The report held that—

Countries dominated by the Communists have transformed their political, economic, and social institutions to adjust them to the Soviet model. They have obediently voted in the same way as the Soviet Union on all major issues in the United Nations.

Two of the conclusions of this Committee of the OAS were as follows:

Communism employs various strategies and trickeries, it uses legal and illegal procedures; it remains silent and conceals the truth; it acts alone, or jointly with any ally who may help it achieve its purpose. Its final objective is to dominate the world.

Communist strategy has found a new route of approach, taking advantage of the peoples' yearning for independence and desire

for peace, and of neutralism and the existence of neutralist blocs, whether or not these are developed under the direction of international communism, in order to attempt to reduce the potential of the free world.

Here, Mr. Chairman, is an intelligent, open-eyed appraisal of the threat the free world faces. This appraisal was drafted and signed by representatives of Costa Rica, Peru, Brazil, Argentina, Uruguay, El Salvador, and, on behalf of the United States, by Thomas D. White.

Why is it that the people of these nations, our friends and allies in Latin America, the Members of this House and Senate, can see this problem in the cold light of objectivity—while those in the executive branch view it through the rosy glasses of false optimism?

What an argument we present, through our ridiculous policy of aiding Communist countries, to those emerging nations of Africa and Asia—and to those who piously proclaim to stand on the sidelines as neutrals in the free world's struggle for survival.

"Fear not to go Communist," we advertise, "for as long as you state you are an independent Communist state, we will send you millions, even billions, in aid and assistance."

What a mockery this policy is to the enslaved peoples of Yugoslavia, Poland, Hungary and a host of nations held in bondage under communism. Through our aid to their tyrant masters, we ourselves have forged the chains of their slavery.

You have heard much of the strong bonds of friendship and of trade between Yugoslavia and our own country—a statement not supported by the facts and figures from the Yugoslav Federal Bureau of Statistics.

You have heard little of the massive aid projects we have financed, or are financing in whole or in part, in Communist Yugoslavia. I believe the House would be interested in the letter of June 6, which I received from the Library of Congress, listing the projects which your constituents have been financing. Mr. Chairman, I am including this in the RECORD.

Mr. Chairman, to aid those subscribing to a system pledged to our ultimate defeat is nothing short of suicide. I intend to do all I can to see that such a policy is reversed, and if you believe as I do, I earnestly urge your support for the amendment I will propose to this bill.

THE LIBRARY OF CONGRESS,
LEGISLATIVE REFERENCE SERVICE,
Washington, D.C., June 6, 1962.

To: Hon. BOB CASEY.
From: Economics Division.
Subject: U.S. foreign aid projects in Yugoslavia.

This is an addition to the material sent to your office on May 29, 1962, in reply to your inquiry of May 24, 1962, on the above-named subject.

A list of projects financed by the Development Loan Fund of the Agency for International Development and prepared by that agency is attached.

The Export-Import Bank has given us by telephone the following details on its loans to Yugoslavia. The project in which you expressed particular interest is credit 1461–B authorized on February 16, 1961, in the amount of $15 million. The final approval of the allocation of this amount as to specific items is pending and is expected shortly.

This loan has been granted to finance the greater portion of the foreign exchange requirement for the import of equipment destined for the expansion of the Jesenice Iron & Steel Works. This mill is being expanded within the Yugoslav program of steel industry expansion, some of the reasons for which are indicated in the AID report on their Sisak iron and steel mill expansion project (p. 4 of that report).

The Jesenice steel mill is one of the oldest in Yugoslavia. The present program for its expansion calls for a total expenditure of $56 million, $53 million of this for the expansion of physical plant. The program will be financed largely by the Yugoslav Investment Bank.

Approximately $33.3 million of total expansion costs will be for the purchase of new equipment. Yugoslav own financing of equipment will amount to some $14.6 million, while about $18.6 million will be financed from abroad. Fifteen mililon dollars of this amount will be Eximbank's share, $2 million will be financed by the extension of credit by the suppliers of new equipment, and the remainder will come from Western Europe.

The equipment financed by Eximbank will be furnished principally by the Westinghouse Corp. and by the Blaw-Knox Co. It will include as major items a $5.1 million blooming mill, a $2.8 million hot strip rolling mill, $1.6 million soaking pits, and a $1.2 million ore preparation plant.

The other Eximbank credit still pending final approval is credit 1461–C in the amount of $10 million. This credit involves purchases of U.S. industrial and construction machinery and equipment items of all types. Thirteen categories of machinery and some 70 factories are involved. This equipment will be delivered to some 25 to 30 medium-sized plants in Yugoslavia.

The third Eximbank loan to Yugoslavia (credit 1461–A) in the amount of $25 million has been largely disbursed. It is being utilized for the purchases from U.S. sources of miscellaneous raw materials (chemicals, plastics, sulfur, phosphorus, water softener, medical and pharmaceutical supplies, aluminum ingots, copper scrap, electrolytic copper, cellulose for rayon, synthetic rubber, and other materials).

A fourth loan (credit 484), authorized in 1950 in the amount of $55 million for the purchases from U.S. sources of industrial raw materials and equipment has been fully utilized. Almost half of this loan has already been repaid.

VLADIMIR N. PREGELJ,
Analyst in International Trade and Finance.

U.S. DEVELOPMENT LOAN FUND CREDITS TO YUGOSLAVIA

DIESEL LOCOMOTIVES (STAGE I)—LOAN DLF 65

The purpose of this loan was to finance the purchase in the United States of 20 diesel locomotives to be used on the Bosanski-Novi-Knin-Split line, one of two important lines linking the Adriatic with central Yugoslavia. These lines carry a large portion of Yugoslavia's foreign trade as well as a large volume of passenger and tourist traffic.

Steam locomotives were previously used on the Bosanski-Novi-Knin-Split line. The average age of these locomotives was 30 years and they were obsolete technically and economically. Dieselization has greatly increased the line's carrying capacity. Moreover, large savings in operating costs have resulted from the replacement of the over-age steam locomotives.

All 20 diesel locomotives covered by this loan were delivered and placed in service on June 1, 1960. They were manufactured by General Motors at its diesel locomotive plant at La Grange, Ill. A small balance of the loan, representing provision of spare parts, remains undisbursed but will be disbursed shortly.

KOSOVO THERMAL ELECTRIC PLANT (STAGE I)—LOAN DLF 84

The demand for power in Yugoslavia is increasing rapidly owing to the country's rapid industrialization. Power produced at Kosovo will be used initially to meet the requirements of the national grid system. However, its long-range use will be to supply power for the further development of lead, zinc, magnesite, and iron mines, as well as for agricultural processing, cement, and chemical plants which are to be located in the area to be served by the Kosovo plant. The large-scale commercial utilization of the extensive Kosovo lignite fields, of which this project represents the first step, will make a substantial contribution to the economic development of southern Yugoslavia, one of the poorer regions of the country.

The purpose of this loan is to finance the foreign exchange cost of construction of a thermal electric plant at Kosovo in southern Yugoslavia. The Kosovo area has abundant lignite deposits which will be exploited for the first time on a large commercial scale by the thermal electric plant.

The total cost of this project will be about $16 million, with the dinar cost of about $7 million to be made available by the Yugoslav Investment Bank. Installed capacity of the powerplant will be 62,500 kw. Owing to the proximity of the lignite fields, the production cost at Kosovo will compare favorably with thermal plants in both this country and in Europe.

The major construction associated with the project is completed. Engineering services are being provided by a U.S. firm, Gibbs & Hill; and equipment procurement for the project is well underway. It is expected that the plant will go into service late this year.

TREBISNJICA HYDROELECTRIC POWER—LOAN DLF 85

This loan is to finance the foreign exchange costs of construction of two hydroelectric powerplants with a total installed capacity of 315,000 kw.

The powerplants will be located on the Trebisnjica River near Dubrovnik. The total cost of the project will be $54 million. The DLF loan is for $15 million, and the Yugoslav Investment Bank has made available $39 million in dinars for construction costs. Civil works at the project sites are under construction. Orders have been placed for the heavy electrical equipment, such as turbines and generators. It is estimated that the project will be completed in 1965.

Unless power production is increased, Yugoslavia faces the distinct possibility of a severe power shortage, owing to the heavy demand for power caused by rapid industrialization. Yugoslavia has one of the highest hydroelectric potentials in Europe, and the Trebisnjica site itself is extremely favorable. The generation cost per kilowatt-hour will be about 3.5 mills. Installed cost per kw. will be about $170 The high power availability factor (58 percent firm power) and the large storage volume of the reservoir are other factors which make this an unusually good hydroelectric project. Ultimately the Yugoslavs plan to increase the capacity of the generating station to 576,000 kw. Completion of this project will make an essential contribution to the development of the Yugoslav economy.

DIESEL LOCOMOTIVES (STAGE II)—LOAN DLF 117

This is the second DLF loan for the purchase of U.S. diesel locomotives by Yugoslavia. This loan financed the purchase in the United States of 57 locomotives, all of

which have now been delivered and are in Ljubljana and 7 in Knin, with necessary shop and maintenance facilities in place. The locomotives were assembled and delivered according to terms of the contract between the Government of Yugoslavia and the U.S. supplier, the General Motors Corp.'s Diesel Locomotive Division at La Grange, Ill. A small balance of the loan which provides for spare parts will be disbursed shortly.

ZAGREB PLASTICS AND CHEMICALS FACTORY—LOAN DLF 135

The purpose of this loan is to finance the imported equipment, services, and technical skills necessary to construct a petrochemical factory in Zagreb. The project is being constructed on schedule with approximately 20 percent completed.

Yugoslavia currently is placing greater emphasis upon consumer goods industries than in the past, and the requirement for plastics is growing rapidly. Since plastics have neither been produced in Yugoslavia nor, owing to foreign exchange shortages, imported in volume, this demand has gone unsatisfied. The Zagreb plant, utilizing local raw materials, will make available a substantial volume of synthetic chemicals and thereby pave the way for the development of many consumer-type industries.

The total cost of the project will be about $36 million, of which $6.5 million represents a British license and related equipment and services. British firms and financial institutions are financing all United Kingdom costs. The local currency costs of about $6.5 dinars will be financed by the Yugoslav Investment Bank. The DLF loan is for $23 million. The plant will produce approximately 27,600 metric tons a year of plastics and other chemicals, the major products being insulation, packaging materials, and household goods. A U.S. consulting engineer, Foster-Wheeler Corp., presently is preparing detailed engineering plans and specifications, and the project, which is in the initial stages, is proceeding on schedule.

Plastic insulation materials which will be produced at the Zagreb plant will enable a far more efficient use of cold storage facilities which have been used to only 20 to 50 percent of their potential. Packaging materials will greatly facilitate food and consumer goods distribution and will implement the present program for 200 self-service stores. During the last 3 years 70 such stores have been put into operation, and 130 more will be placed in service by 1964. Electrical insulation materials are badly needed for electrification and for housing development, both of which are growing rapidly. The production of styrene, phenol, and acetone will supply other chemical plants with synthetic materials needed for the manufacture of a variety of products. Moreover, the experience with modern chemical processes which will be gained by the staff of the Zagreb plant will provide a basis for further development of the Yugoslav chemical industry.

SISAK IRON AND STEEL MILL EXPANSION—LOAN DLF 164

The loan is to finance the foreign exchange costs of construction of a skelp mill, a breakdown mill, a continuous rolling mill, and a welded tube mill at the Sisak Iron & Steel Works. This is the third largest steel mill in Yugoslavia. As a result of this loan the mill will begin to produce welded tubes and will expand its present production of seamless tubes.

The total cost of the project will be about $10.3 million, with Sisak Iron & Steel Works providing about $1.8 million in dinars from its own resources for the local currency expenditures for the project. The project will be carried out on the basis of turnkey-type contracts from two U.S. suppliers, Blaw-Knox Co. of Pittsburgh, Pa., and the McKay Machine Co. of Youngstown, Ohio. Negotiations for these contracts have been concluded, and production of the necessary units is on schedule. The mills to be provided by these contracts will produce about 210,000 tons annually of slabs, billets, and rounds and about 100,000 tons annually of skelp, which will be used to produce about 75,000 tons of welded pipe annually.

The Yugoslav iron and steel industry has a deficiency in plates, sheets, and tubes, which generally are used in finished goods, and a corresponding excess capacity for sections used primarily in industrial projects. The loan to the Sisak Iron & Steel Works will help to correct this situation and bring iron and steel production more in line with actual requirements. As an important producer of steel in Yugoslavia, the Sisak Works already has a skilled work force. Its raw steel capacity is being increased from about 150,000 to 300,000 tons. The facilities to increase raw steel production are being financed entirely by the Government of Yugoslavia.

DIESEL LOCOMOTIVES (STAGE III)—LOAN DLF 168

The purpose of this loan is to finance the purchase in the United States of 21 diesel locomotives to replace steam locomotives. This is the third DLF loan for the dieselization of the Yugoslav railway system.

The Government of Yugoslavia has purchased these locomotives from the General Motors Corp., as in the two previous loans for diesel locomotives. All 21 have been delivered and are in use; 15 are located in Doboj Novi, 4 in Skopje, and 2 in Ljubljana. Shops and maintenance facilities are adequate for proper maintenance.

KOSOVO THERMAL ELECTRIC PLANT (STAGE III) LOAN DLF 173

This loan is to finance the foreign exchange cost of an additional 125,000-kilowatt thermal electric plant at Kosovo in southern Yugoslavia. This loan represents the second and final stage of the Kosovo thermal electric project. The first stage involved construction of a 62,500-kilowatt plant, the foreign exchange cost of which was financed by a DLF loan for $9 million.

The total cost of this stage will be about $22 million, with the dinar cost of about $8 million to be made available by the Yugoslav Investment Bank. Engineering services are being provided by a U.S. firm Ebasco and are well underway. Orders for equipment have been placed and it is expected that the plant will go into operation schedule late next year.

Power produced at Kosovo will compare favorably with production costs of comparable units in both the United States and in Europe, owing to the proximity of extensive lignite fields.

STATISTICAL SURVEY OF FOREIGN TRADE OF YUGOSLAVIA, 1956–61

Sources: In the compilation of the tables that follow only Yugoslav sources were used so as not to impair comparability of data. The sources used are the following publications of the Yugoslav Federal Bureau of Statistics [Savenzni Zavod za Statistiku]:

"Statistika Spoljne Trgovine FNR Jugoslavije" ["Foreign Trade Statistics of the FPR Yugoslavia"]; annual issues of 1958, 1960.

"Statisticki godisnjak FNRJ" ["Statistical Yearbook of the FPRY"], 1959, 1961.

"Indeks: Mesecni Pregled Privredne Statistike FNR Jugoslavije" ["Index: Monthly Survey of Economic Statistics of the FPR Yugoslavia"], vol. 11, no. 3, March 1962.

Remarks: The value of Yugoslav foreign trade has been converted from dinars into dollars at the exchange rate of 300 dinars per dollar. This is the rate used by the Yugoslav Bureau of Statistics in its publications. All percentages have been calculated from original data in dinars and rounded to one decimal. Because of rounding, detail does not always add to total.

The entry for Soviet bloc in tables by area of destination or origin comprises only the European nations of the Soviet bloc. As indicated by respective footnote, the 1961 figure for the Soviet bloc does not include data for Albania, because the 1961 foreign trade statistics have as yet not been published in sufficient detail.

Export trade of Yugoslavia, 1956–61, by area of destination (continent and major country)

[Values in millions of dollars]

Area	1956	1957	1958	1959	1960	1961
Europe	252.9	309.1	346.0	364.9	437.7	436.2
Soviet bloc	73.8	104.6	123.1	147.3	182.1	[1] 175.6
U.S.S.R.	42.2	48.9	36.4	47.2	52.7	50.9
Poland	8.9	16.2	22.0	33.9	22.1	40.5
East Germany	4.4	10.4	26.4	26.7	46.4	30.2
Italy	45.7	53.6	53.9	57.7	74.8	70.3
West Germany	49.1	52.5	41.8	44.8	50.1	57.9
United Kingdom	19.6	23.9	34.5	34.0	43.3	47.8
Austria	17.3	19.2	18.9	21.0	30.0	25.6
France	8.7	9.5	16.3	11.6	8.8	9.8

Area	1956	1957	1958	1959	1969	1961
Asia	24.0	29.2	29.9	48.2	45.0	56.5
Africa	6.8	20.6	27.4	23.0	34.0	26.4
North America	28.4	34.0	33.7	34.3	39.9	42.5
United States	27.4	33.4	33.0	31.1	38.6	36.5
South America	11.2	2.2	4.3	6.2	9.4	7.2
Oceania	0	0	0	0	.1	.1
Total	323.4	395.1	441.4	476.6	566.1	568.9

[1] 1961 figure for the Soviet bloc does not include exports to Albania.

Import trade of Yugoslavia, 1956–61, by area of origin (continent and major country)

[Values in millions of dollars]

Area	1956	1957	1958	1959	1960	1961
Europe	288.3	416.8	481.6	459.3	607.5	624.9
Soviet bloc	105.0	142.9	194.0	169.9	211.7	[1] 168.2
U.S.S.R.	70.5	69.0	57.8	57.6	56.9	32.0
East Germany	3.2	7.6	26.3	28.9	37.4	37.6
Hungary	6.4	19.7	35.6	31.6	36.6	32.8
West Germany	47.4	75.5	80.2	96.4	123.2	142.7
Italy	41.0	78.8	67.6	64.0	95.1	132.7
United Kingdom	32.6	41.9	36.1	35.5	45.4	46.3
Austria	19.3	25.1	25.4	26.3	37.5	32.4
Asia	27.0	39.1	28.6	40.9	43.8	45.4
Africa	7.3	14.9	19.2	20.0	52.4	21.1
North America	135.0	177.1	135.9	142.2	93.5	185.5
United States	129.2	173.7	134.0	140.0	88.5	181.2
South America	13.1	8.8	10.9	15.2	15.6	21.5
Oceania	3.5	4.6	8.8	9.5	13.6	11.9
Total	474.1	661.3	685.0	687.2	826.4	910.3

[1] 1961 figure for the Soviet bloc does not include imports from Albania.

Export trade of Yugoslavia, 1956–61, by area of destination (continent and major country)

[As percentage of total exports]

Area	1956	1957	1958	1959	1960	1961
Europe	78.2	78.3	78.4	76.6	77.3	76.7
Soviet bloc	22.8	26.6	27.9	30.9	32.2	[1] 30.9
U.S.S.R.	13.1	12.4	8.2	9.9	9.3	8.9
Poland	2.8	4.1	5.0	7.1	3.9	7.1
East Germany	1.3	2.6	6.0	5.6	8.2	5.3
Italy	14.2	13.6	12.2	12.1	13.2	12.4
West Germany	15.3	13.2	9.5	9.4	9.0	10.2
United Kingdom	6.0	6.1	7.8	7.1	7.6	8.4
Austria	5.3	4.8	4.3	4.4	5.3	4.5
Asia	6.8	6.7	6.4	9.8	8.0	9.9
Africa	2.7	5.9	6.6	5.1	6.0	4.6
North America	8.8	8.6	7.6	7.2	7.1	7.5
United States	8.5	8.5	7.4	6.5	6.9	6.4
South America	3.5	.5	1.0	1.3	1.6	1.3
Oceania	0	0	0	0	0	0
Total	100.0	100.0	100.0	100.0	100.0	100.0

[1] 1961 figure for the Soviet bloc does not include exports to Albania.

Import trade of Yugoslavia, 1956–61, by area of origin (continent and major country)

[As percentage of total imports]

Area	1956	1957	1958	1959	1960	1961
Europe	60.8	63.0	70.3	66.8	73.5	68.6
Soviet bloc	22.1	21.6	28.4	24.7	25.6	[1] 18.6
U.S.S.R.	14.9	10.4	8.4	8.4	6.9	3.5
East Germany	.7	1.1	3.8	4.2	4.5	4.1
Hungary	1.3	3.0	5.2	4.6	4.4	3.6
West Germany	10.0	11.4	11.7	14.1	14.9	15.7
Italy	8.7	11.9	9.9	9.4	11.5	14.6
United Kingdom	6.9	6.3	5.3	5.3	5.5	5.1
Austria	4.1	3.8	3.7	3.8	4.5	3.6
Asia	5.7	5.7	4.2	5.9	5.3	5.0
Africa	1.5	2.4	2.8	2.9	6.3	2.3
North America	28.5	26.8	19.8	20.8	11.3	20.4
United States	27.3	26.3	19.6	20.5	10.7	19.9
South America	2.8	1.4	1.6	2.2	1.9	2.4
Oceania	.7	.7	1.3	1.4	1.7	1.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

[1] 1961 figure for the Soviet bloc does not include imports from Albania.

Export trade of Yugoslavia, 1956–61, by SITC section and major subgroup

[Values in millions of dollars]

Section and subgroup	1956	1957	1958	1959	1960	1961
Food and live animals	97.5	83.0	130.4	121.7	164.0	168.8
Meat and meat preparations	24.0	19.5	27.4	38.8	52.7	[1]
Cereals and cereal preparations	4.4	3.6	38.6	21.4	36.4	[1]
Beverages and tobacco	26.8	26.3	37.7	23.6	26.5	22.3
Crude materials, inedible, except fuels	82.0	76.5	74.8	75.9	88.5	84.6
Wood, lumber and cork	48.0	41.3	40.9	38.9	41.9	[1]
Mineral fuels, lubricants and related materials	6.6	4.3	5.8	4.9	5.2	6.8
Animal and vegetable oils and fats	.1	0	0	.1	1.3	.2
Chemicals	19.4	14.4	14.6	15.6	23.0	20.3
Manufactured goods classified chiefly by material	108.0	89.2	102.0	118.5	134.0	129.4
Base materials	57.0	50.6	56.5	61.3	75.7	[1]
Machinery and transport equipment	26.7	14.9	47.1	82.7	84.7	93.9
Transport equipment	9.8	7.3	28.9	44.0	34.1	[1]
Miscellaneous manufactured articles	21.7	11.7	24.5	28.9	38.2	42.0
Commodities and transactions not classified according to kind	6.4	3.0	4.5	4.7	.7	.5
Total	395.1	323.4	441.4	476.5	566.1	568.9

[1] Not available.

Import trade of Yugoslavia, 1956–61, by SITC section and major subgroup

[Values in millions of dollars]

Section and subgroup	1956	1957	1958	1959	1960	1961
Food and live animals	150.9	146.8	130.5	132.7	75.5	119.7
Cereals and cereal preparations	107.5	100.0	66.1	86.2	20.9	[1]
Beverages and tobacco	0	1.0	1.1	.1	.1	1.1
Crude materials, inedible, except fuels	75.2	97.1	84.1	95.9	118.4	129.7
Mineral fuels, lubricants, and related materials	46.9	65.3	41.2	45.3	45.0	40.3
Animal and vegetable oils and fats	5.6	12.9	14.4	15.7	11.5	15.2
Chemicals	33.0	48.3	66.8	75.3	71.4	63.6
Manufactured goods classified chiefly by material	57.7	103.8	108.2	107.7	171.8	184.8
Textile articles, except clothing	15.5	23.9	26.2	20.6	34.8	[1]
Base metals	23.9	51.5	52.4	48.2	86.6	[1]
Machinery and transport equipment	94.4	167.9	215.7	192.0	304.6	324.3
Electrical machinery and apparatus	17.9	24.4	30.4	31.9	43.5	[1]
Other machinery	57.1	97.7	129.5	117.0	196.8	[1]
Transport equipment	19.3	45.8	55.8	43.2	64.2	[1]
Miscellaneous manufactured articles	10.0	14.6	20.3	20.6	27.1	31.3
Commodities and transactions not classified according to kind	.3	3.4	2.7	1.8	1.1	.4
Total	474.1	661.3	685.0	687.2	826.4	910.3

[1] Not available.

Export trade of Yugoslavia, 1956–61, by SITC section and major subgroup

[As percentage of total exports]

Section and subgroup	1956	1957	1958	1959	1960	1961
Food and live animals	25.6	24.7	29.5	25.5	28.4	29.7
Meat and meat preparations	6.1	6.1	6.2	8.2	9.3	(1)
Cereals and cereal preparations	1.4	.9	8.8	4.6	6.4	(1)
Beverages and tobacco	8.1	6.8	8.5	4.9	4.7	3.9
Crude materials, inedible, except fuels	23.6	20.8	16.9	15.9	15.6	14.9
Wood, lumber and cork	12.8	12.1	9.3	8.1	7.5	(1)
Mineral fuels, lubricants and related materials	1.3	1.7	1.3	1.0	.9	1.2
Animal and vegetable oils and fats	0	0	0	0	.2	0
Chemicals	4.5	4.9	3.3	3.3	4.1	3.6
Manufactured goods classified chiefly by material	27.6	27.3	23.1	24.9	23.7	22.7
Base metals	15.6	14.4	12.8	12.8	13.4	(1)
Machinery and transport equipment	4.6	6.8	10.7	17.4	14.9	16.5
Transport equipment	2.2	2.5	6.6	9.3	6.0	(1)
Miscellaneous manufactured articles	3.6	5.5	5.5	6.1	6.8	7.4
Commodities and transactions not classified according to kind	.9	1.6	1.0	1.0	.7	.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

[1] Not available.

Import trade of Yugoslavia, 1956–61, by SITC section and major subgroup

[As percentage of total imports]

Section and subgroup	1956	1957	1958	1959	1960	1961
Food and live animals	31.8	22.2	19.1	19.3	9.2	13.2
Cereals and cereal preparations	22.8	15.1	9.7	12.5	2.5	(1)
Beverages and tobacco	0	.2	0	0	0	.1
Crude materials, inedible, except fuels	15.9	14.7	12.3	14.0	14.3	14.2
Mineral fuels, lubricants, and related materials	9.9	9.9	6.0	6.6	5.4	4.4
Animal and vegetable oils and fats	1.2	2.0	2.1	2.3	1.4	1.7
Chemicals	7.0	7.3	9.8	10.9	8.6	7.0
Manufactured goods classified chiefly by material	12.2	5.7	15.8	15.7	20.8	20.3
Textile articles except clothing	3.3	3.6	3.8	3.0	4.2	(1)
Base metals	5.1	7.8	7.8	7.0	10.5	(1)
Machinery and transport equipment	19.9	25.3	31.5	27.9	36.9	35.6
Electrical machinery and apparatus	3.8	3.7	4.4	4.6	5.3	(1)
Other machinery	12.1	14.7	19.0	17.0	23.8	(1)
Transport equipment	4.0	6.9	8.1	6.3	7.8	(1)
Miscellaneous manufactured articles	2.1	2.2	3.0	3.0	3.3	3.4
Commodities and transactions not classified according to kind	0	.5	.4	.3	.1	0
Total	100.0	100.0	100.0	100.0	100.0	100.0

[1] Not available.

Mr. HARSHA. Mr. Chairman, will the gentleman yield?

Mr. CASEY. I yield to the gentleman from Ohio.

Mr. HARSHA. May I commend the gentleman on his courageous stand on this issue. I too intend to offer an amendment to prohibit the giving of any aid or assistance to Communist countries. Whether the House considers my amendment or the amendment of the gentleman from Texas, I assure him of my wholehearted support.

Mr. CASEY. I thank the gentleman. Although I would have some pride of authorship, all I am interested in is the result.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. CASEY. I yield to the gentleman from Illinois.

Mr. COLLIER. I too would like to commend the gentleman for his stand on this phase of the foreign aid bill. While I am not familiar at this time with exactly what the wording of the gentleman's amendment would be, it would be my hope that it would embrace the phraseology of "Communist governments," rather than specific nations.

Mr. CASEY. If the gentleman will recall, my amendment last year would prohibit all aid to any Communist nations, including specifically but not limited to the 18 countries.

Mrs. BOLTON. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. LINDSAY].

Mr. LINDSAY. Mr. Chairman, I rise in support of this bill. And I intend to oppose the limiting amendment that will be offered by the distinguished gentleman from Texas [Mr. CASEY]. I am glad he took the floor at this time in order to tell the House he is going to offer such an amendment. We have been on the floor now debating this foreign aid bill for over 4 hours and no mention has been made until this moment of this amendment that we all have known is coming. The amendment as I understand it will remove any and all discretion of the Executive in the allocation of economic aid to Communist-bloc countries, which of course includes Yugoslavia and Poland.

The same attempt to limit the flexibility of the Executive was made when President Eisenhower was in office. He asked for the same flexibility that is now asked by President Kennedy, and we gave it to him.

I think it is important to stress that this is a bipartisan bill. It has never been considered as a partisan matter and I hope never will be considered as a partisan matter. I should like, therefore, to express my thanks to the distinguished gentlewoman from Ohio [Mrs. BOLTON] for her performance on the floor today.

Mr. Chairman, I think this question of assistance to Yugoslavia and Poland should be debated during general debate and not wait for the 5-minute rule. Under the 5-minute rule, as you know, the members of the Committee on Foreign Affairs who have studied this subject are limited in the amount of time that they can devote to the question. Therefore, I would hope the question will be discussed more fully in the remaining time under general debate.

To me, it makes no sense at all to suggest that all Communist bloc countries are the same or that they must be equated on exactly equal terms. The "monolith" of international communism is not as it is generally described. Beneath the Stalinist surface, one saw trends toward nationalism, "Russiaphobia," pluralism, and various other "isms," all of which have meant that various dividing pressures and counterpressures have been at work within the Communist bloc. This must be encouraged.

I think it is significant that in the case of Yugoslavia there has been a retreat from collectivism in farming, to the extent that collectivised farmland is now down to 12 percent, as opposed to the average figure of 90 percent for all other Iron Bloc countries with the exception of Poland. Note this, too: 70 percent of Yugoslavia's trade is with the West. Tourism is beginning to develop on a wide scale. These bits and pieces indicate the importance of allowing the Executive some freedom of action. The bill does not provide for aid to Yugoslavia in the form of development loans, and I do not necessarily advocate it. I do argue the necessity of not being doctrinaire and not being inflexible in our approach. Why bind the hands of the Executive on this subject? I think the amendment that will be offered could be exceedingly foolish and would not work to the best interest of the United States or of the free world. Let us give the President in this area the same flexibility that we gave to President Eisenhower and not tie his hands unnecessarily.

I am not completely happy with this program or this bill any more than anybody else is in this Chamber. I doubt that you can find a single person who is completely satisfied with the bill. I have read the entire report and the bill from beginning to end. There are a multitude of questions which I would like to raise on the floor of the House because I

think these questions should be discussed.

Generally, I think one of the weaknesses of the legislative approach to foreign aid has been the inadequacy of communication between the executive and the Congress. The State Department does not tell us enough. The principle of "the right to know" is terribly important. No proper judgment can be made without the facts. It is the duty of the Executive and the State Department to see to it that the legislative branch does know the facts. Every Member of this House is busy and is under terrible pressure. Look at the number of Members on the floor of the House during this entire debate—shockingly few—testifying, I think, either to the fact that Members have again prejudged the matter or that there is a massive indifference which is appalling when one considers the vast importance of this bill.

I think, too, Mr. Chairman, there is too much overclassification. I note on page 6 of the committee report there are a whole series of categories of areas where it is not deemed to be in the public interest to tell the public the facts about certain aspects of economic aid and almost all aspects of military aid. Is this really necessary? They say that foreign aid is unpopular in this country. Well, of course, it will be if people are not told the facts; this tendency to overclassify and for the Executive to deal with this matter as though there were something mysterious about it. It is not necessary to be vague and imprecise about foreign aid.

This program over the years, generally, has been positive and helpful. Yes, there have been some tragic errors and shortcomings. But on the whole it has been sound. It is almost impossible to prove, in logic, that X would have happened but for Y. You cannot prove that "but for" the foreign aid program more countries would have gone under. The only way it can be proved is to defeat a bill of this type, or so cripple or hamstring it that it is not operative, and then see the results. They could be most tragic results.

Therefore I urge support of the bill, and I urge full debate on this question of the degree of flexibility that the President should have in the allocation of aid. Full debate is essential if we are not going to have a debacle on the floor of the House next Wednesday when we come to amendments. It is necessary that the record be complete so that Members will understand the issue clearly before they come to vote on amendments.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. LINDSAY. I yield.

Mr. GALLAGHER. Mr. Chairman, I wish to compliment the gentleman on his statement and the bipartisan spirit in which he has met this great problem. It was for the gentleman's very reasoning that I injected into my opening remarks in the committee the question of touching this matter in debate, and the $2 billion that has already been invested in this policy is not really at stake. What is before us at this particular time is a shift of policy. Are we going to lop off the $2 billion that we have already invested by a shift of policy?

So I thank the gentleman for bringing it up.

Mr. LINDSAY. I thank the gentleman. I hope the distinguished chairman of the Foreign Affairs Committee and his colleagues who have studied this subject will go into it in detail.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. LINDSAY. I yield.

Mr. JUDD. Mr. Chairman, I compliment the gentleman on his discussion. I think it ought to be in the RECORD at this point that it was urged in the Committe on Foreign Affairs, not just this year but for several years, that guidelines be laid down for the President, both the previous President and the present President, with respect to the matter of furnishing military aid, economic aid, and surplus agricultural commodities to countries under Communist domination.

The trouble in part has come about because the Executives under both administrations have gone way beyond what they knew the Congress wanted in this field. So eventually in frustration or irritation at failure of the executive branch to pay attention to their wishes, many in the Congress are saying the time has come for a blanket restriction or prohibition upon the Executive's constitutional power to conduct our foreign affairs. While I believe our Government has furnished far more aid than it should have to these Communist countries, I do not believe the Congress of the United States should try or has a right to put an absolute ban on the President of the United States, of whatever party he may be, in his conduct of our foreign affairs. Just as I do not think the Executive should take over the reducing or increasing of taxes, which is the responsibility of the Congress, so I do not believe the Congress ought to take action that would handcuff the President of the United States and make it impossible for him to have the flexibility necessary to deal with new situations in the exercise of his responsibility for the conduct of our foreign relations. He knows more about developments in this field than we can possibly know.

The Executive should pay more attention to this annual debate and be more careful in the giving of assistance to countries under Communist domination. But Congress would be wrong and exceedingly unwise, in my opinion, if it were to pass such amendments as we are advised will be offered tomorrow.

Mr. LINDSAY. What is the gentleman's opinion on this question which I pose: An amendment will be offered by the gentleman from Texas [Mr. CASEY], which will limit the flexibility of the Executive in the allocation of economic aid. If adopted, what effect might this amendment have on the hopes of the West to bring Yugoslavia and Poland out of the iron bloc?

Mr. JUDD. I am not sure our aid has had too much effect in keeping Yugoslavia out of the bloc. It is said that if we cut off aid, it will force Yugoslavia back into the Communist bloc. I am not sure it is out of it.

I have opposed this kind of aid, and I oppose it today; but I do not think that Congress ought to adopt an absolute prohibition which would make it impossible for the President to give aid, if he thinks it necessary, with all the facts he has and assuming the full responsibility.

Mr. LINDSAY. Is that true of Yugoslavia in the reasonably near future?

Mr. JUDD. My view on that is that Mr. Khrushchev had been very happy for us to support Yugoslavia and Poland in large measure and thereby greatly reduce the drain upon himself for that purpose.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. LINDSAY. I yield to the gentleman from Illinois.

Mr. COLLIER. As the gentleman from New York knows, there have actually been two arguments posed for aiding Communist nations, specifically Yugoslavia and Poland. One, of course, is that it will assist the people to ultimately overthrow communism. The other is the argument that it would tend to keep each country out of the so-called Soviet bloc. Whether they are already part of it or not is still a question.

If we are to assume that there is merit in the original argument, then must we not also assume that of the some three-quarters of a billion people around the world who have fallen under the yoke of communism in the last 15 years, the majority of these do not desire or do not want to be under communist rule; therefore, how do we draw the line as to when we help any one in any country who does not desire to be a communist?

Mr. LINDSAY. The gentleman's question is well put. I would hope that the members of the Committee on Foreign Affairs would address themselves to the question. The point I tried to make is that the greatest sin that can be committed by a so-called iron curtain country, Yugoslavia for example, is revisionism, deviation from pure Communist doctrine. As I read the facts, in so far as the facts are available, it appears that the Yugoslavs have deliberately charted a course of deviation from party line behavior. In this regard the State Department and the Executive tell us, and told us when Eisenhower was President, that the way to play into the hands of Moscow and to bring the revisionists back into the straight Communist channel is to hamstring the Executive in the administration of the aid program.

Mr. COLLIER. The fact of the matter is that if communism is to fail in any of these nations, it will fail because of economic conditions. I think we have gone beyond the point where we feel any revolt, with the possible exception of one Cuba or China, is going to come about. If there is any failure, it will be an economic failure.

Therefore, how then can we justify giving an injection of U.S. aid to strengthen a Communist economy when that appears to be the only way it can exist?

Mr. LINDSAY. If I may comment on that. My understanding is that in Yugoslavia the standard of living has risen quite spectacularly compared to other Iron Curtain countries. This improvement was brought about in part, we are told, by aid and assistance that the United States has been willing to give. True or false? I can't give a flat answer. But, I do think we have to give some credence to the experts of three administrations.

Mr. COLLIER. Going one step beyond that, I think we must be concerned with the broad effect of aiding a Communist country upon those behind the Iron Curtain in other countries. Let's put ourselves in the position of a Czech national today. Here is a nation of the most freedom-loving people that ever existed. Yet these Czechs see on the one hand that we are subsidizing a Communist government while taking part of the same dollar and giving it to other nations to maintain their freedom. I just do not know how we can find intelligent people in other countries buying this approach. It is highly inconsistent, I would think, and it would be something that any intelligent person in other countries would have every reason to question the sincerity of this type of program.

Mr. LINDSAY. Well, I think that the whole free world applauded the efforts of the Yugoslavs immediately before and after the death of Stalin to break loose or at least to change their direction. Now, the question is: Do the germs of change and the germs of revolt against the Moscow imposed way of life still exist, and can we assist them to exist?

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. LINDSAY. I yield to the gentleman from Minnesota.

Mr. JUDD. I would like to add at this point that it is not quite accurate to say that Tito broke away from Stalin. Stalin kicked Tito out. We had nothing whatsoever to do with that break. We came along and gave aid to him after he was kicked out. At that time I thought it was a mistake. Stalin never forgave anyone. Tito had no choice but to come to us on our terms. Instead we rushed over with aid and kept him going on his terms.

I think in the last analysis our decision has to be made on our evaluation of these two factors: Can we promote freedom in the world and weaken the threat to ourselves more by giving assistance to Communist governments in the hope it will enable them to maintain, to some extent, independent operations? Or can we do it better by showing the people behind the Iron Curtain, who, in my book, are the most dependable and important allies we have, that America is not going to use her resources to sustain or build up the tyrants who hold them in subjugation? I think our best hope of getting out of the fix we are in, without an all-out atomic holocaust, lies in the hearts and will to freedom of a billion people behind the Iron Curtain, who are increasingly demonstrating that they want to be free. Let us not break their hearts by helping their oppressors. Let us not build up the tyrants and enable them better to hold the people in subjugation.

But, I repeat, I think it would be a great mistake for the House of Representatives to pass legislation saying that because the majority of us here may feel this way, the President cannot use our surpluses or funds provided to promote our foreign policy, to give assistance to certain Communist countries if in his judgment he believes that is the wisest and safest course for our country to pursue.

Mr. LINDSAY. I thank the gentleman.

(Mr. LINDSAY asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio [Mr. FEIGHAN].

(Mr. FEIGHAN asked and was given permission to revise and extend his remarks.)

Mr. FEIGHAN. Mr. Chairman, the issue of continuing aid in any form to the Communist regimes is a matter of grave concern to the American people. Since the beginning of the Foreign Assistance Acts, the Marshall plan, I have been a supporter of these programs because I believed in them. I believed that they were necessary in the immediate postwar era to save the war-devastated countries of Europe from anarchy and the threat of Communist subversion and takeover.

I continue to believe that these programs, if properly oriented, can assist the United States in attaining its global objective of peace and freedom for all.

It has been a matter of grave concern to many Members of this House that countries struggling toward freedom and a better life for their people should be helped by the United States because such action strengthens the collective ability and the collective will of the free world. I have never believed that the cause of peace with freedom could be advanced by extending American assistance to Communist regimes dedicated to the destruction of our freedoms and way of life.

My record in the House is clear on this score.

In an effort to strengthen our economic assistance programs and to keep such programs on the right track, to assure their continuing support by the American people, I will offer an amendment which serves the best interests of the United States and the future of freedom elsewhere in the world. The amendment which I will offer excludes American assistance to Communist regimes anywhere in the world and defines a Communist regime in language that is understandable to all, and will make for orderly determinations on who should and who should not be beneficaries of American assistance.

The American people are more and more asking the question: What is the basic objective of the foreign assistance programs which they have been called upon to support with their hard-earned money. It may seem strange that this question haunts our public life these 14 years after the launching of the Marshall plan. But it is not strange to those who sat in this House when the first foreign assistance program was enacted, or to those who have taken the time to review the record of what motivated the Congress to support the proposals set forth in the Marshall plan. For the record is clear that a war-devastated Europe had little chance of restoring the sound foundations for progressive, representative forms of government without our economic assistance. The specter of aggressive, subversive communism threatened the future of every European nation in the years immediately following hostilities of World War II.

The people of Western Europe restored their countries and preserved the great traditions of representative government which are the hallmark of Western civilization. They turned back the aggressive, subversive tide of Russian communism. They now stand on their own feet, as stanch allies of the United States in the common struggle with the Russian imperialists. Our economic assistance, our hands of friendship, our determination to defend them until they could defend themselves played a significant part in the inspiring story of European recovery. But in those days we knew what we had to do, the issue was clear, the challenge was evident and the response by our people was equally inspiring.

Times have changed, and not for the better. Today few people in or out of the Congress can state with clarity or brevity the objectives of the foreign assistance programs which extract billions of dollars from the American taxpayers each year. No knowledgeable person can in all honesty claim that these programs are aimed at turning back the aggressive, well-organized forces of communism, nor can it be claimed that these programs are aimed at defeating the Communist menace because such a claim will not now stand up in light of the honest record. It is this state of affairs which has invited vigorous and growing attack upon all aspects of our foreign assistance programs. The public confusion which attends our efforts in this field is dangerous. Our people have a right to know what their money is being used for. It is the responsibility of government to define our national objectives in this regard in the kind of forthright language understood by the average citizen. They have a right to know whether our foreign assistance programs are directed at the defeat of communism or whether they are serving some other purpose.

The current public issue revolving around economic assistance to the Communist regimes of Yugoslavia and Poland is a reflection of the mood of the American people. They are sick and tired of having their money used to bolster unpopular regimes in those countries. Make no mistake about the feelings of our people on this issue. They are well informed on the failures of these regimes to provide for the elementary needs of the people forced under their

control by Moscow. They are well aware of the unbreakable ties between Tito and the Russians and feel insulted when it is suggested that by bailing Tito out of his economic mess he will become a dependable ally of freedoms cause. They are equally aware of the titanic struggle now going on in Poland between militant atheists of the Communist regime and the devoted Christian people of that country. Any support for the Warsaw regime is support given to the cause of militant atheism in its effort to stamp out freedom of conscience in Poland. To the average American these facts of life are clear beyond any doubt. No one will ever convince them that it is possible to defeat an avowed enemy by strengthening his hand. Nor is it possible to convince the people enslaved by a Communist regime that you are helping them when you help the regime which holds them in bondage. We can do nothing more than earn the contempt of the masses living under communism when we give any assistance to the regimes which oppress them.

Mr. Chairman, it is time that we put our foreign assistance programs back on the track of sanity and high purpose. I suggest that the Congress undertake that task before the American people lose complete confidence in the ability of their Government to make those programs work for the victory of freedom. To that end I will propose the following amendment.

No assistance shall be furnished under this act and no commodities may be sold or given under the Agricultural Trade Development and Assistance Act of 1954, as amended, to any country holding membership in the Warsaw Pact or the—Comecon—Council for Mutual Economic Assistance, or to any country whose form of government is based upon the Marxian-Lenin concept of dictatorship of the proletariat supported by a single party which selects and controls all candidates for public office, and which prohibits or restricts freedom of assembly, freedom of speech, freedom of religion, freedom of movement, and the right to dissent. This restriction may not be waived pursuant to any authority contained in this act.

The amendment which I would offer would deny any and all forms of assistance to Communist regimes in all quarters of the world. It would deny assistance to Poland because the regime which controls that country holds membership in the Warsaw Pact, the Comecon, and meets all the specifications for disqualification set forth in my amendment. Yugoslavia would be denied assistance because the regime in power there is Marxian-Lenin, built upon the one party system of the dictatorship of the proletariat and which denies all the basic freedoms to the people under its control. That is what the American people have been calling upon their government to do. That is what our government must do if it is to warrant the confidence of our people.

The amendment will not deny assistance to the newly emerging nations of south and southeast Asia, or of Africa. It allows the greatest possible latitude for the development of a wide range of governments, best suited to the culture and traditions of the peoples concerned while at the same time promoting the foundations of representative government, government responsive to the will of the people concerned. If our objective is to promote the cause of human freedom, which I believe all of us want it to be, then let us state our case and get about the business of helping those who seek the same objective. With equal candor, let us make it clear that we recognize communism to be a despoiler of human freedom, the avowed enemy of all that we hold dear as life itself and unworthy of assistance in any form from a free people.

I will offer this amendment because I am against all aid to, and trade with Communist countries. We must all recognize that communism is at war with us and with its people. Warfare to them covers the entire political spectrum. To them a shooting war is only an extension of the cold war or political action, which can be called on or off at will.

Nikita Khrushchev said:

> We value trade least for economic reasons and most for political purposes.

To all Communist countries economic warfare is no less a weapon for waging total war than is the atomic weapon.

Food to the Communist is a weapon of war and oppression. I will produce evidence to support this statement.

Since Poland and Yugoslavia are Communist countries and subscribe to and follow Soviet foreign policy and ideological concepts, I will speak of them as all inclusive. I will not furnish evidence on this, since it has been amply covered in the debates in the other body, which appear in the CONGRESSIONAL RECORD of Tuesday, Wednesday, and Thursday, June 5, 6, and 7, 1962.

I will limit myself to food as a weapon of war and repudiating the statement made by Mr. McGeorge Bundy, one of the administrative assistants to the President, and printed on page 9138 of the CONGRESSIONAL RECORD of Wednesday, June 6, 1962.

In two recent speeches on the floor of the House of Representatives on May 10 and May 14, 1962, I exposed the destination of Canadian wheat shipments. Today I will further elaborate on this subject.

Students of communism have long known that food is used by the Communists as a weapon of war and oppression. Under their system increased rations are given to the Communist elite and the leaders of the military machines. This is their first priority for food. Next are the ordinary members of the Communist Party and the rank and file of the army. Lowest on the list are the people not members of the Communist Party and prisoners. The latter are on starvation rations while the former are rationed as the party sees fit.

Secretary of State Dean Rusk has admitted that we have no way to assure how our aid is being used or, if it has been transshipped to other satellite nations or the Soviet Union. This testimony was given before the House Select Committee on Export Controls.

Therefore, food sent to Communist countries goes mainly to feed the Communist elite and the military machine. If there were ways to assure that our food would go to the people, I would favor this type of aid for humanitarian reasons.

One of the Communist methods for eliciting individual compliance is barren environment; monotonous food; and restricted movement.

To further explain this system, I wish to quote from one of the greatest speeches ever given by a U.S. Government official, Dr. Charles Mayo's statement in Committee I, at the U.N., on the U.S.S.R. charge that the United States used bacteriological weapons on Korea in October 1953:

> The information on the treatment which the Communists gave in their effort to extract confessions suggests that the Communists were deliberately using the same technique which the famous Soviet psychologist Pavlov used with his experiments on dogs and rats. This technique as you all know is known as the conditioned reflex.
>
> This is the very technique which the Communists appear to have used on their intended "germ warfare" victims. Resistance was punished with kicks and slaps in the face, with starvation food rations lowered still further, with dire threats of death. Signs of cooperation were rewarded with increases in rations.
>
> The entire scheme was well planned and implemented. Returning prisoners have verified that the experts applying the wearing down process were highly trained, efficient, and well educated. They were specialists in the application of psychological torments.
>
> The steps as determined from a study of the techniques and methods employed by the Communists are as follows:
>
> 1. Immediate and constant indoctrination (interruptions occur during periods of application of the wearing down process).
>
> 2. The establishment of minimum quantities of food, sleep, shelter, coupled with ill treatment (threats and torture). This initial stage includes enough food to keep a man alive—400 to 600 grams, which amount will gradually weaken and starve a man.

The above information on the use of food on prisoners to elicit compliance came from American prisoners of war, upon whom food was used as a weapon of war.

The Chinese Communist nation is presently suffering turmoil and upheaval caused by shortage of food. This condition has affected the Chinese Communist armies. Food to the rank and file of the army is approaching starvation rations and morale is at a low ebb. This condition is lowering the threat of the Chinese Communist army as a combat effective organization. An example on how food can affect any army was the Korean war. On the attack the Chinese Communists were given 100 rounds of ammunition and 7 days' ration of wheat or rice. While attacking, the Chinese Communist soldiers consumed their meager rations in 3 or 4 days. This caused the attack to bog down and grind to a halt. They had ample ammunition but no food.

On May 10, 1962, speaking in the House, I suggested that a key to the close working relationship between the Red Chinese and the Russians might be

their food purchases and shipments from the free world. There are evidences of new failures of the agricultural system in the Soviet Union. They cannot allow this to be apparent to the free world. They cannot bleed their satellites, because the system has failed in China, Hungary, Rumania, Czechoslovakia, and Poland. Yugoslavia is also feeling the pinch of the failure of the promised utopia of socialism, not only in agriculture, but industry.

The Communist bloc during 1961, imported over 10 million tons of food from Canada, Australia, France, Argentina, and the United States. They have contracted for another 5 million tons in 1962 and even contracted for 1963–64 crops from Canada and France. A million tons of this food which includes wheat, barley, maize, and flour has been shipped to Albania, East Germany, and North Korea from Canada.

China has been acting as broker for the Russian bloc and even Cuba. If we leave even a crack open in the door, shipments of United States food to Poland and Yugoslavia will find its way into the Soviet Union. It is still fresh in the minds of the captive peoples how the Red armies stripped the satellite states and how their economies are closely controlled by the Soviet Union.

Yugoslavia is no exception to the above. Their regime is similar in all respects to the Soviets, even to slave labor camps. Before I answer the administration arguments presented by Mr. McGeorge Bundy, I would like to say that it appears that the President's advisers are not keeping him properly advised. At a recent press conference, the President stated that Tito closed the border to Greek partisans. Recent facts reveal that far from deviating from the international Communist line, Yugoslavia closed its border to Greek partisans in accordance with the wishes and direct orders of Stalin.

This evidence appears in a book, "Conversations With Stalin," by Milovan Djilas. On May 14, 1962, Djilas was sent to prison by the Communist government of Yugoslavia for divulging official secrets. One of the conversations between Djilas and Stalin related in this book took place on February 10, 1948. He wrote:

> Stalin then turned to the uprising in Greece. "The uprising in Greece has to fold up." He used for this, the word "svernut" which means literally "to roll up." "Do you believe" he turned to Kardelj, "in the success of the uprising in Greece?"

Kardelj replied:

> If foreign intervention does not grow and if serious political and military errors are not made.

Stalin went on, without paying attention to Kardelj's opinion:

> If, if no; they have no prospect of success at all. What do you think, that Great Britain and the United States—the United States, the most powerful state in the world—will permit you to break their line of communication in the Mediterranean Sea? Nonsense. And we have no navy. The uprising in Greece must be stopped, and as quickly as possible.

I hope that this ends the bankrupt argument that Tito closed the border.

Mr. McGeorge Bundy speaking for the administration stated:

> This is a moment of great delicacy in internal political balance within the Communist world.

This appears to me similar to the Department of State argument of diffusion of power and fragmentation within the Communist world. The Soviet system of control emanating from the KGB Committee for State Security and GRU Chief Intelligence Directorate, Ministry of Defense is tighter and stronger than ever. Communist espionage and subversive nets are well organized and effective. The stooge governments are closely controlled and subservient. Their police apparatus is still all powerful.

Mr. Bundy, claims, "That all our intelligence evidence, the reports of our Ambassadors, and our own appreciation of the relations we are conducting with the Soviets point to a struggle between those who believe in putting the Soviets into a more aggressive Chinese posture and those who assess American strength and determination for what they are and wish the Communist bloc to deal with us more realistically and peacefully. The proposed amendment would work in favor of the hardliners in the Kremlin and elsewhere in the Soviet bloc."

I challenge Mr. Bundy to produce this intelligence. Not intelligence estimates slanted to fit a preconceived idea, but hard, factual intelligence. Does he, for one moment, think that there are softliners in the Presidium and Central Committee of the Soviet Union. If so who are they? I am convinced that any softliner would have been dead long ago. Does he think there are different assessments of our strength and determination within the Soviet Union?

Again I would like to see the evidence and names of these people, making assessments independent of Khrushchev.

I believe that the Russian-Chinese split is a reality only in the Department of State and in the minds of White House advisers like Mr. Bundy.

The President's adviser also says:

> Our policy is giving small amounts of aid to Yugoslavia has been one of assisting it to maintain some freedom of maneuver against the Kremlin.

Tito has recently announced that his foreign policies objectives are consistent with those of the Soviet Union. This announcement came after the recent Gromyko visit to Belgrade. It appears that our aid has preserved Tito so that he could have freedom of maneuver against the United States. This was amply revealed in the debates in the other body upon the subject of aid to Yugoslavia.

Another statement in the letters says:

> Nothing is more helpful to the position of the United States and the whole of the free world than the maintenance of some range of choice within the bloc.

This again is another figment of the imagination of the Presidential advisers. Another way of expressing this in State Department language is, "the forces of diffusion and fragmentation are exerting themselves within the Communist bloc causing a mellowing of the Soviet attitude."

Again I ask for evidence. Mr. Bundy speaks as if the secret police and Communist armies have turned into Boy Scouts or Peace Corps groups. The KGB and GRU will enforce the orders of the Communist regimes and insure that food goes to only those that the Communist Party decrees.

Toward the end of the letter Mr. Bundy states:

> The amendment would remove all opportunities for calculated responses and would freeze us out of any ability to affect affairs in these countries.

The only effect I have seen of our aid to Poland and Yugoslavia is that it has perpetuated their regimes. During my lifetime, the only action that has affected the Communist is strength and determination supported by military might, not food for the party elite or wishful thinking that the Communists are evolving into a peaceful group.

During the debate in the other body the question arose on the definition of Marxism. To me Marxism or Soviet fascism, means that all power is in the control of a few persons. It is extreme socialism which deifies matter and the State. Specifically, that all power, political, economic, social, and financial resides in the State, namely in the hands of atheistic rulers.

Agreement between the Chinese Communists and Canada are to ship 6 million tons of wheat from Canada to China from 1961 to 1963. The shipments have been, January 1962, 820,000 tons of wheat, 190,000 tons of barley; February, 116,000 tons of wheat; March, 1,060 tons of wheat.

In 1962 Australia shipped 600,000 tons of wheat; Argentina shipped 100,000 tons of wheat, 160,000 tons of maize; France shipped 400,000 tons of wheat. Eighty thousand tons of Canadian wheat went to Albania and East German ports. The total shipments from Canada, eastern ports, was 150,000 tons. They have contracted for a total of 4 million tons in 1962 and 1 million tons from 1962 to 1964 from France. In addition the Chinese Communists in 1962 received 300,000 tons of rice from Burma. The total shipments to Albania, East Germany, and North Korea in 1962, total 370 tons. Two hundred and thirty thousand tons will be shipped in 1963 to Albania, East Germany, and North Korea. Communist China has contracted for 300,000 tons of flour from East Germany.

On the issue of whether or not American aid should be furnished to Communist regimes of Yugoslavia and Poland, a number of justifications in support of such aid have been advanced. It appears that no clear, open justification can be made for any program that provides material assistance to a Communist regime anywhere in the world. However, a large assortment of dubious opinions have been advanced, together with an abundance of loose thinking, in an effort to complicate what is and should remain

a very simple and basic issue. The result is widespread public confusion as to why we have been extending assistance to those countries and why we should continue assistance to them.

As is well known, I have opposed any form of American assistance to any Communist regime, believing as I do that such assistance does nothing more than strengthen the dictatorship of communism and increases the capabilities of our self-proclaimed enemy. My opposition to such programs is stronger today because the accumulated evidence is overwhelming in support of terminating aid programs to Communist Yugoslavia and Communist Poland. The public clamor against such programs has been increasing with each passing year. This year it would be a serious mistake to underestimate public reaction against such aid programs to Communist regimes. Members of Congress have become increasingly aware of the popular opposition among our people to lending support for any program that would directly or indirectly strengthen the threat of world communism, which threat is now all too clear and real.

In the interest of providing a public airing to the justifications most frequently heard in support of continuing such aid, I have taken time to research the question and to consult with a wide range of parties involved. The main lines of attack, together with my appraisal thereof, are:

First. To oppose aid to Poland or Yugoslavia is to refuse support to President Kennedy and to show lack of confidence in his judgment.

This argument suggests that Congress is not a deliberative body in which the merits of any legislative proposal are carefully examined and voted up or down by the membership thereof. It also suggests that in certain matters Congress should act as a rubberstamp operation—merely ratifying proposals made by the Executive—particularly in the field of foreign policy. The facts of the matter are Congress has just as much responsibility as the President for determining whether any of the taxpayers money should be spent in support of Communist regimes in Yugoslavia or Poland. Otherwise what is the purpose of authorizing legislation and why is such legislation brought before the House?

To suggest that foreign policy is not a suitable area for review by Congress or is an area in which individual Members of Congress are not expected to be well informed, is a dangerous proposition. At best, it suggests that foreign policy considerations are beyond the grasp of Members of Congress and that such matters should be judged only by a select group who somehow claim to know what is best for the American people. At worst it proposes that Congress abdicate its responsibilities because representative government is incapable of sound decisions in the area of foreign policy.

Let me make one thing clear—my opposition to continuing aid to Communist Yugoslavia and Communist Poland has nothing whatever to do with my confidence in the person of President Kennedy. It does reflect my disagreement with proposals being made by the administration in this critical area. It will be a dark day for representative government if Members of Congress are deterred from exercising their best judgments on matters before the House because of fear that their judgments might be contrary to the proposals of the Executive.

Second. It is possible to give aid to the people of Poland and Yugoslavia without lending support to the Communist regimes in those countries.

I have found no one advancing such an idea who has been able to substantiate it. It sounds good until it is challenged. The facts of the matter are that any aid going to Communist Poland or Communist Yugoslavia is strictly controlled by the regimes in power. It has been and remains impossible to make any direct contact with the masses of peoples in those countries. Our contacts with regard to all type of assistance programs are limited to the Communist regimes in those countries. Those Communist regimes determine how all aid from the United States is to be used—down to the last can of beans. Their decisions are based strictly on requirements calculated to maintain them in power and to strengthen their oppressive hand over the people. In past years a considerable effort has been made by American voluntary agencies to establish and maintain relief programs in those countries, administered in a manner which would guarantee that the recipients would know the assistance they receive came from the American people. Every one of these efforts has failed, but only because the regimes in power opposed such efforts. Today no American voluntary agencies are permitted to carry on relief programs in either of these countries. Our experience should make it abundantly clear the Communist regimes in Poland and Yugoslavia regard American assistance as a powerful weapon in building up their own prestige and strengthening their dictatorial control over the people. To suggest, therefore, that it is possible to help the people of Poland and Yugoslavia without strengthening the Communist regimes which control them, is to defy a long record of evidence to the contrary.

Third. If aid is not given to the Communist regimes in Poland and Yugoslavia, the "hard liners" who want to return to the Stalin policies will gain the upper hand over the "soft liners" who now control those Communist regimes.

Such a claimer as this lends powerful support to one of the main strategy lines of the Khrushchev manifesto proclaimed at the 22d Congress of the Communist Party. That Communist policy line relates to peaceful coexistence between countries of different social systems. The "soft lines" are illusions and represent nothing but a change in tactics called for by the Khrushchev manifesto. Let me quote a pertinent paragraph from that manifesto setting forth the new Communist action guidelines on peaceful coexistence:

> Peaceful coexistence of states does not imply renunciation of the class struggle, as the revisionists claim. The coexistence of states with different social systems is a form of class struggle between socialism and capitalism.
>
> In conditions of peaceful coexistence, favorable opportunities are provided for the development of the class struggle in the capitalist countries and the national liberation movement of the peoples of the colonial and dependent countries. * * * It implies intensification of the struggle of the working class, of all the Communist Parties, for the triumph of Socialist ideas. But the ideological and political disputes between states must not be settled through war.

A careful reading of this Communist directive makes it clear that peaceful coexistence means a softer and less boisterous approach should be made by Communists in all dealings with the free world community so that the enemy will be encouraged to relax its guard and accept the peaceful conquest of world communism. There are no "hard liners" or "soft liners." This is a term created in the minds of our policy planners. If there are differences they exist only in the tactic or technique employed by the Communists to accomplish the unchanging objective. Commonsense tells us that that all Communists are vicious enemies of freedom and ought to be treated accordingly.

Fourth. If we do not give aid to the Communist regimes of Poland and Yugoslavia we will be turning our backs on the forces of nationalism—our friends—in those countries.

This argument suggests a working relationship between the forces of nationalism in Poland and Yugoslavia, that is, the native freedom forces striving for a return of their national independence, and the Communist regimes imposed upon their countries by Moscow. The truth of the matter is these two forces are in violent, if somewhat silent, conflict in both those countries. Any Communist regime regards nationalism as its most potent enemy, and acts accordingly in dealing with it. Similarly, the liberating forces of nationalism have made the Communist regime in both those countries their single target—knowing that such Communist regimes must be destroyed before national independence can be restored to their homeland. It is time U.S. foreign policy recognized these simple facts of life with regard to Poland and Yugoslavia. We should join hands of friendship with the forces of nationalism in Poland and in Yugoslavia by denying all aid to the Communist regimes now in control of those countries.

I now list justifications 5, 6, 7, 8, and 9. For the answer, I will refer to the hearings before the Select Committee on Export Control, House Resolution 403.

Fifth. There is growing freedom in Poland, and if we now turn them down in aid we will cut short this evolution toward freedom—page 26, report on House Resolution 403.

> The Secretary of State informed the select committee:
>
> Poland * * * is clearly a member of the Soviet bloc. It is bound to the U.S.S.R. not only through such formal instrumentalities as the Warsaw pact, but also because of its exposed geographic position and its heavy economic dependence upon the Soviet Union. Even more important is the fact

that Soviet troops are still present in Poland. The Polish position on international issues is rarely distinguishable from that of the Soviet bloc itself. In brief, Poland is a part of the Soviet bloc, and U.S. policies must fully take account of this fact.

Sixth. Giving or selling food to Yugoslavia is an act of charity and has nothing to do with the building of the economic system of communism in those countries—page 624, House Resolution 403, part 2.

The agreement between the United States and Poland provides that 10 percent of the dinar sales proceeds will be reserved for U.S. Government uses in accordance with section 104 of Public Law 480. The remaining 90 percent of the sales proceeds will be loaned to Yugoslavia for various economic development purposes.

Seventh. Aid to Poland is not in violation of Section 109 of the Foreign Assistance and Related Agencies Appropriation Act—page 629, House Resolution 403, part 2.

Poland has given Cuba $12 million in aid.

Eighth. Yugoslavia does not export our aid to U.S.S.R.—page 612, House Resolution 403, part 2.

Yugoslavia in 1960 exported $62 million in food beverages, tobacco, and raw materials to the U.S.S.R.

Ninth. Encouraging Yugoslavian independence from Moscow will widen the Sino-Soviet split—page 594, House Resolution 403, part 2.

Yugoslavia has voted with the Soviet Union to seat Communist China in the U.N.

Tenth. Yugoslavia follows an independent policy at the U.N.

During 1961, Yugoslavia voted with the United States 4 times, with the U.S.S.R. 66 times, and with neither 18 times. The United States and the U.S.S.R. voted together 48 times. Yugoslavia voted 42 times with U.S.S.R. and the United States. Six times with neither. When the United States did not vote for 16 times, Yugoslavia voted with the United States two times, U.S.S.R. 12 times, and neither 2 times. This, as Tito has mentioned, shows a consistency with Soviet foreign policy on all important matters furthering the Communist cause.

Mr. MORGAN. Mr. Chairman, I yield 1 minute to the gentleman from New Jersey [Mr. GALLAGHER].

Mr. GALLAGHER. Mr. Chairman, at this point in the debate I would like to call the Committee's attention to section 620, which is now in the act, and which states that—

No assistance shall be furnished under this Act to the government of any country unless the President determines that such country is not dominated or controlled by the International Communist movement.

Mr. Chairman, section 143 further states, with reference to assistance to Yugoslavia, as follows:

In furnishing assistance to Yugoslavia, the President shall continuously assure himself (1) that Yugoslavia continues to maintain its independence, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and constantly informed of any assistance furnished to Yugoslavia under this Act.

Mr. Chairman, this amendment is presently in the act.

This is sufficiently restrictive to express the feeling of those who abhor communism while still allowing the Chief Executive sufficient flexibility to carry out a policy in opposition to communism and extending our Nation's best interest.

Mr. MORGAN. Mr. Chairman, I yield 12 minutes to the gentleman from Illinois [Mr. PUCINSKI].

(Mr. PUCINSKI asked and was given permission to revise and extend his remarks.)

Mr. PUCINSKI. Mr. Chairman, I rise to associate myself with the remarks of the gentleman from New York [Mr. LINDSAY] and, indeed, to call attention of the House to this fact: That while we Americans may have some deep-rooted differences of opinion in this body on such matters as Federal aid to education, on the farm bill, and various other domestic issues which confront this country, I think the statement made by the gentleman from New York certainly demonstrates that in times of crises when we are determined to win this cold war against the Soviet Union, we Americans know how to lock arms and march together toward a course which is going to bring the ultimate defeat of international communism, and bring to the 180 million people in the captive nations of Europe freedom again.

Mr. Chairman, I congratulate the gentleman from New York [Mr. LINDSAY] for his statement. It is indeed a courageous statement. Why, the easiest thing in the world for any Member of this body to do is to go back home and say, "Yes; I supported legislation to deny any further assistance to the people of these Communist countries." There is no question about it. You make points with that sort of argument. But I submit, my colleagues, that this is an issue which will require the highest degree of statesmanship on the part of the Members of this body, because it requires deep understanding of what this problem is all about. This will require a deep understanding because the issues are not easy of solution. But I say to you one thing: If this Congress accomplished nothing else, every single man and woman who is a Member of this Congress can go home when Congress adjourns holding his or her head high with pride, knowing that at this session of Congress we have written a record of defense for the United States which has turned the tide against international communism.

We Americans joined hands together as Democrats and Republicans; and as far as I know, there was not a dissenting vote on this year's defense appropriation bill. This was the vote that served notice on Mr. Khrushchev that 15 years of retreating are over, that we Americans are determined that freedom shall reign in this world; we are determined to hold our position in Berlin; we are determined to hold our position in Vietnam. We are determined to drive back the Communists wherever they try to disturb the peace of the world. And you men and women of this Congress voted an appropriation bill under the careful guidance of our distinguished chairman, the gentleman from Georgia [Mr. VINSON], and the gentlemen from Texas [Mr. MAHON and Mr. THOMAS] so that today Mr. Khrushchev knows that our country is ready and prepared to defend its position. If Khrushchev is foolish enough to violate the peace of the world he will have to be prepared to suffer the full consequences.

This was accomplished by Democrats and Republicans, men and women who rose above partisanship, men and women who recognized the challenge that confronted their Nation, men and women who saw the great opportunity to drive back the evils of international communism. And I am proud that I was one of those Members who voted for this bill.

The fact remains that we are now again confronted with another issue which is designed to further weaken the Communist hold over the captive nations of Europe. The issue is very simple and clear: Shall the President of the United States have a free hand in helping the victims of communism whenever he believes such assistance will help these people free themselves from Communist rule? Why, of course, we are all concerned over the fact that 180 million people of Europe today must suffer the indignity of Communist rule. As far as I know all but just a small handful of these people reject communism with the same degree of stubbornness as does every Member in this House and for that matter, every American.

Do you think for one second that Mr. Gomulka or Mr. Tito or Mr. Ulbricht or any one of those despotic Communist rulers could survive more than 1 hour if the people of their respective nations had the right, the freedom to choose their own form of government? Do you think there is more than 1 percent of people in any one of these Communist-dominated countries who live under communism today because they want to? Do you think these people believe in communism, in the Godless dogma of communism? Why, of course not.

It is easy enough to stand here in this well and say, "I am against all aid to Communist countries," but ask yourself, How did those noble countries get there? They did not choose communism. It was imposed upon them. And those people today are doing a magnificent job wherever possible, within their means, to resist communism. Yes, in Poland alone, 85 percent of the farmers in that country, which is observing the 1,000th anniversary—85 percent of the farmers in Poland refuse to submit to Communist rule and they conduct their farms under free enterprise. And Mr. Gomulka knows that Polish farmers are not much different from American farmers. The fibers of freedom and liberty are so deeply ingrained in those rural people of Poland that Mr. Gomulka is not making the mistake of trying to collectivize them because he knows he would fail.

This nation, which is 95 percent Roman Catholic, continues today to give its loyalty to the church of its belief and

again Mr. Gomulka recognizes that he cannot fight the deep-rooted principles of religious freedom that exist in those Polish people.

Cardinal Wyszynski continues today as the prince of his church in Poland. Can anyone in this Chamber deny that the 30 million gallant people of Poland must suffer Communist domination completely against their will? Or can anyone deny that these heroic Poles have done a magnificent job of resisting communism under most difficult conditions?

I tell you this, Mr. Chairman, the issue before the House today is this: Are we going to manifest the same degree of trust in President Kennedy that we had in President Eisenhower in deciding when America should assist these countries or when it should not? If the President of the United States, based on his best judgment, his best information, decides that further assistance to Poland is useless, I, as one American, will accept that judgment, but I do not think that we on the floor of this House should try to make that decision.

I am not privileged to be a member of the House Committee on Foreign Affairs. I do not have the information that they have. But I am privileged to meet very frequently with many people who know the situation in Poland, people who have been there, who have spent a great deal of time with their relatives, with their friends. I tell you that communism is losing ground not only in Poland but all over the world, and you people have made it so, nobody else. You men and women in this Congress who passed the defense appropriation bill which served notice on Mr. Khrushchev, Mr. Gomulka, Mr. Tito, and all the other Communist leaders that we are not going to back down. Today the Communists are in retreat. I cannot quote this American because the House rules prevent me, but I can quote from a radio speech he made in Chicago yesterday which is quoted in this morning's Chicago Tribune:

> Only a few days ago, Premier Khrushchev, while touring in the Rumanian provinces, blamed all the food shortages and economic ills of the Communist bloc on the United States, and proposed as the only solution for the economic troubles of the Communists the fall of the United States and the rest of the free world to communism.
>
> Khrushchev is actually using the economic distress of the Communist-dominated peoples to goad the Communists into even more strenuous efforts to bring the free world under the domination of communism.

There are those who claim that denying food and other assistance to Communist-dominated nations will speed along the downfall of communism. This may be true in some cases.

It is entirely possible that the farmers may revolt and stage an uprising in China because of the famine Red China is experiencing. The peculiar geographical position of Red China may make that possible because the mainland Chinese might be helped by Chiang's forces on Formosa. I do not know. But we do know that because of the difficult geographical position of Poland, an uprising without outside intervention is impossible. No responsible person would advocate a revolt in Poland when we recall how the Hungarian uprising was crushed by Soviet tanks. How else, then, can the people of Poland break themselves of their Communist yoke except by constant, steady pressure against their Communist rulers, pointing out the shortcomings, the bankruptcy of the Communist system. This is being done in Poland every day in every way. Gomulka today is the butt of some of the greatest jokes in the world because the Poles hold him in ridicule. He wishes he could do something about it but he cannot.

Continued assistance to these victims of communism is a judgment we ought to delegate to the President. We have communism in retreat, let us not upset a policy which has proven successful in Poland. The strong ties which the people of Poland manifest toward the United States are well known to all of us. Recently a distinguished group of American journalists visited Poland and reported in great detail how the Poles continue to look toward America as their greatest friend. There is nothing Khrushchev would want more than to destroy this image of America among the people of Poland. There is no question in my mind but that the full bankruptcy of communism is being manifested in Russia. Mr. Khrushchev cannot get his farm program going. The full bankruptcy of the Communist ideology is being manifested in China and every other country in the world where the Communists are in power. Why do you suppose they had to put up the Berlin wall? Because of the complete bankruptcy of the Communist ideology in East Germany.

Therefore I say to you, the easy thing is to say, "Yes, I voted against any further aid to these Communist countries." But let us keep one thing in mind. These are Communist-dominated countries. Neither the people of Poland nor Czechoslovakia nor any one of the 18 countries the gentleman from Texas enumerated are Communist; only their illegal governments are ruled by Communists. You and I know the peoples of these nations would throw off the Communist yoke tomorrow if they had the opportunity. We are going to hear a great deal of debate about that subject, but tonight when you are alone with your judgment and conscience, before you go to sleep, think how you will vote tomorrow on the proposed amendment. Are we going to tie the President's hands? Are we going to write the rules here? Why not then change the rules for the other countries that failed to vote with us in the Middle East and Africa?

Why not go the full route? Why not set up a whole series of rules and regulations? Why stop at these countries? I say that the program has worked. The program that three previous Presidents had formulated and put into effect has helped weaken communism in Europe and I am confident that it will continue to weaken communism under President Kennedy's guidance. I know of no reason why we should give President Kennedy any less authority to use his best judgment on this question of continued aid to the victims of communism than we gave President Eisenhower or his predecessors. I have some serious reservations about some of the aid we have given Communist-dominated nations but I am willing to trust the judgment of the President in making the final decision, particularly when it is realized that 25 percent of all wheat consumed in Poland came from the United States. I am sure Khrushchev would be delighted to tell the people of Poland, who have just suffered the worst floods of recent years and serious crop failures, that America does not want to share its farm surpluses with the starving children of Poland. This is not the way to fight communism.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. PUCINSKI. I yield to the gentleman from Minnesota.

Mr. JUDD. I agree, as I said earlier, with the gentleman's contention that the final decision here ought to be left in the hands of the President. But I do think that a question ought to be raised with respect to the gentleman's remark that we have now ended 15 years of retreat. Does the gentleman call sending the marines into Lebanon and standing firm in the Formosan Straits in 1954 and 1958 a retreat?

Mr. PUCINSKI. No, sir. I stand corrected and I will be glad to stand corrected on that point.

Mr. JUDD. I thank my colleague. And those firm actions too had thoroughly bipartisan support.

Mr. PUCINSKI. Yes, sir, the record will show that wherever this Congress has performed in a bipartisan manner, we have benefited and we have driven communism back. I hope that we are going to follow the same policy here.

Mr. JUDD. Yes, the record shows that whenever we have stood firm and strong in support of principle and of freedom, the Communists have rattled their rockets and threatened—but have backed away. So that is the policy we should continue to follow.

Mr. PUCINSKI. Would the gentleman agree, however, that the Communists, indeed, are to a great extent retreating in many parts of the world?

Mr. JUDD. Yes, that is the whole point. From Berlin to the borders of Hong Kong, the failures of communism are at last apparent. They are failing. Why are they in retreat? First, because their system is wrong, it will not work. It does not release or activate the creative energies or efforts of human beings to produce more. Secondly, they are in retreat because of the firm pressures on them from without and from within. The answer for us is to keep firm pressures on from without and the people behind the Curtain will keep the pressures on from within.

Mr. PUCINSKI. I thank the gentleman for his contribution and I thank the gentlewoman from Ohio and the chairman of the committee, Mr. MORGAN, for yielding to me additional time.

Mrs. BOLTON. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. Bow].

Mr. BOW. Mr. Chairman, I am going to change the course of this debate at this time from what we should do for other countries and whether we should give aid to Yugoslavia and whether we should give aid to these other countries of the world. I would like to talk about the United States for a few minutes and whether or not we can afford the luxuries of aid to Yugoslavia and the luxury of aid to other Communist countries or to some of our allies. I think it well to point out, Mr. Chairman, in the consideration of our own situation in our own country that this Government of ours has failed to live within its income for 26 out of the last 32 years and that the national debt of this country of ours has been increased $32,100 million since the end of the Korean war in 1952. Mark you this, that every minute of every day—every minute of every day and every night the interest on our public debt is costing us $17,690. In the time that the gracious gentlewoman from Ohio has yielded me of 10 minutes, when I have completed, we will have paid in interest alone $176,900. Every time the clock ticks the minute—interest—$17,690. What has happened during this period of time when we have been so liberal with $90 billion throughout the world—and some tell me it is more than $90 billion. Has anyone ever figured what the interest has been on that $90 billion? What has happened to the buying power of the dollar largely as the result of the deficit spending that we have been engaging in? The dollar is worth less than half of the prewar dollar of 1939. The latest official cost-of-living index figure which I will read to you is at a new alltime high of 129.1 percent of the 1937–49 dollar.

Someone today has said something about the flow of gold. Since January 1 of 1958, our national gold holdings have declined by over $6,300 million. Notwithstanding the highest tax take we have ever had in this country we are still running into deficit spending. We continue to borrow to make these lavish payments. Everyone admits that much of it is being lost in projects that are not proper. Mark you this, with our public debt today of over $300 billion, the total debt of the entire free world, the other countries of the free world, is $100 billion less than our total—when you take all the countries of the world and consider their debt, it is $100 billion less than the debt of this Nation.

It seems to me, Mr. Chairman, we have got to consider the United States of America when we contemplate the spending of funds in sums of this amount.

The matter of a tax reduction has been touched on today, a tax reduction because we face a recession, and it is needed to bolster the economy of the United States of America. We are asked to give a tax reduction; but at the same time we have a bill before us today to spend $4,800 million, with the interest alone for this year and the rest of the time it is out amounting to $190 million every year—the interest alone on what they are trying to get today, $4,800 million, will cost us $190 million every year.

If we are faced with a recession, if we have to reduce taxes in order to bolster the economy of this country, it seems to me, Mr. Chairman, we had better look twice before we continue down this road of expenditures of this kind.

Mr. Chairman, I have taken this time to advise the House of my belief on this bill and to advise the membership that I intend to offer an amendment to this bill tomorrow when the bill is read. The amendment reads as follows:

On page 10, after line 22, insert a new section as follows:

"SEC. 301. None of the program funds (except those for military assistance) made available as a result of authorizations made herein or appropriations made pursuant to authorizations carried herein shall be expended during any month following the close of a preceeding month in which the U.S. Daily Treasury Statement indicates that withdrawals from the general fund had exceeded deposits."

In other words, stop deficit spending for foreign aid. If you have a surplus in the Treasury, all right, go ahead; but so long as you are paying interest on deficit financing—and this would amount to $190 million a year, so long as it is deficit financing we will slow it down except for the military aid. When you have a surplus, all right, go ahead; but so long as you are going further down the road of deficit spending we will put a halt to it.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. BOW. I yield.

Mr. MORGAN. When the gentleman speaks of military aid does he speak of supporting assistance also?

Mr. BOW. I am speaking of military assistance as defined under the bill. But in many instances, I think the gentleman knows as well as I do, military aid is usually the camouflage for economic aid.

Mr. MORGAN. There would not be any use in pouring military aid into South Korea, for instance, if we did not give them economic aid which we designate as supporting assistance.

Mr. BOW. The gentleman knows that is done under the military aid provisions, under military assistance much "military assistance" does not go purely for military hardware. I am sure the gentleman knows that.

Mr. MORGAN. "Supporting assistance" is economic in the nature of commodities and goods which provide local currencies to pay the salaries of the 21 divisions that South Korea has in the field.

Secretary McNamara made a strong statement to our committee saying:

I wish to make it clear that I fully support the economic aid program. * * * The two parts of the legislation and the two programs are in fact indispensable to each other; they are not competitive but complementary.

Without supporting assistance you could pour all the military hardware you want in there but it would do no good.

Mr. BOW. The gentleman realizes that.

I am not trying to stop your military assistance. It is a matter of some of the other ridiculous things, as the gentleman knows, that goes on under this bill that we can and should stop. There is no reason to take this country farther down the road to economic ruin.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. BOW. I yield to the gentleman from Iowa.

Mr. JENSEN. I have listened to the gentleman with great interest, and I want to compliment him for his down to earth, commonsense, American speech.

Will the gentleman agree with me that the only harvest we can expect to reap from this spending program, which we have been indulging in at breakneck speed for almost three decades, is national bankruptcy, personal bankruptcy, and the ultimate end will be an inflated dollar? It could come very soon, as has been the case in every nation in this world that has traveled the full road of a spending spree that we have traveled at breakneck speed for nigh on to 30 years.

Mr. BOW. I agree with the gentleman.

Mr. JENSEN. The day will come when the people will refuse to buy bonds, when the Federal Reserve Bank will not be able to refinance or to fund the bonds as they come due because the banks of the country will by that time be in the position where they cannot buy the bonds. So the only recourse is, as it has been in every foreign country, to start the printing presses, then within a short time the dollar in your pocket will not buy a loaf of bread.

Mr. BOW. I agree with the gentleman, and thank him.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. BOW. I yield to the gentleman from Illinois.

Mr. COLLIER. I want to commend the gentleman for the fine speech he has just made. The point which the gentleman from Pennsylvania made again points up the necessity for what I believe to be the good sense of bringing this bill to the House in three separate and distinct appropriation bills, one economic assistance, military assistance, and technical assistance. Then we can debate them fully and be to some degree selective in this program.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Delaware [Mr. MCDOWELL].

(Mr. MCDOWELL asked and was given permission to revise and extend his remarks.)

Mr. MCDOWELL. Mr. Chairman, once again we are engaged in the annual debate on the question of U.S. foreign policy as exemplified by the foreign aid authorization bill, H.R. 11921, which is before us today. This legislation has been subjected to the established committee procedures of the House of Representatives, and has, after long and detailed hearing of testimony, been thoroughly and adequately revised,

amended, and rewritten. Finally, H.R. 11921 was reported by the Foreign Affairs Committee by an overwhelming majority vote of the members of that committee.

Let me say at the outset of this debate that in spite of all of the massive criticisms of this legislation over the past years, the testimony before the committee this year was equally as emphatic and decisive as heretofore that our foreign aid program is essential to the support of our foreign policy, which is designed to protect and preserve the basic security of our country.

Without going into detail, for this is all contained in the committee report, and in the printed hearings, it can be said without fear of contradiction that the responsible civilian and military experts of our Government support the bill before us today. This is not in any way to suggest that each and every individual Member does not have a responsibility to make his own careful study and analysis of this important legislation, and that he should be reasonably certain in his own mind that he is in agreement with the profound and detailed testimony of those in other branches of the Government before casting his vote in favor of the bill. Today as never before in the history of our country the public is more and better informed and is more articulate on matters concerning foreign policy, and I am convinced that support of foreign aid as a part of our foreign policy is becoming more and more an expressed public opinion.

Those who would today, as in the past, dwell only upon specific and, in many cases, isolated examples of lack of evidence of immediate success of foreign aid represent more and more a minority opinion. The American people recognize that our country has reached the stage of international maturity, and those who continue to pine and cry for the "good old days of isolationism" are indeed a weak voice.

The American people are equally proud of maintaining a government which gives a maximum of individual liberties and freedom while at the same time providing for a sound basis for intelligent majority decisions for the general welfare and the basic security of the Nation.

It is our responsibility as the elected representatives of the people to reflect their good judgment in casting our votes on such matters in the general welfare as exemplified by the foreign aid legislation before us.

Mr. Chairman, I strongly disagree with a contradictory and irresponsible compendium of "no win" and "can't win" preconceptions of our foreign aid program.

Those critics who would use a shotgun approach to foreign aid ignore a considered appreciation of the powerful political and economic forces that challenge our interests in the Far East and elsewhere.

They seem to argue that, since foreign assistance has not yet solved all of our foreign policy problems, the United States should virtually give up the attempt to ease those problems.

If we were to take such advice seriously, we would be forced ultimately to choose between two impossible alternatives: either to declare war on all who disagree with us or to abdicate our foreign responsibilities, withdraw to our shores, create a garrison state, and hope that the revolutionary forces which are shaping our modern world would consent to go away and leave us alone.

We are indeed locked in a monumental struggle against communism and all forms of totalitarian oppression. It is not a simple struggle, however, as some would like to view it; and it certainly cannot be won by terminating foreign aid or belaboring everyone who fails to see world developments precisely as we think they should see them.

Let us consider the major points that emerge from an analysis of this type of criticism.

These opponents of foreign aid speak vaguely of $100 billion worth of foreign aid that has been poured down assorted ratholes by bureaucrats since the end of World War II. What are the facts?

Our foreign assistance expenditures from 1946 to 1961 amount to approximately $90 billion. This is less than 1 percent of our gross national product over this same period.

Of this total, one-third, or $30 billion, has been spent on military assistance: to buy arms and equipment to help build up the defenses of Britain, Italy, France, and West Germany in the days before they could afford such expenditures; to arm the Greeks and Turks in their struggle to maintain independence; and to give military assistance to the South Koreans, Vietnamese, Nationalist Chinese, and other allies.

In any such effort some mistakes are inevitable. But can any responsible citizen seriously support the general shotgun charge that foreign aid funds were poured down a rathole? Do they mean to suggest that because not every dollar has been spent wisely we should now abandon our friends?

Another third of the $90 billion total has been spent on food and relief loans: on Public Law 480 foodstuffs to help fight the hunger on which communism thrives; on Export-Import Bank loans for commercial-type projects which can repay the funds borrowed in dollars; and on immediate post-World War II hunger relief.

At the same time our Public Law 480 program of assistance from our own surplus production has provided a major basis for underwriting the prosperity of the American farmer.

Would the critics of foreign aid prefer to have seen our bountiful crops plowed under? Or unused food still piling up at heavy rates of storage cost? Would they suggest that we abandon this effort and let millions go hungry abroad while our abundance rots in the storage bins?

The remaining $30 billion has been spent on direct economic assistance; one-half of which went into the Marshall plan for the economic recovery of Western Europe. Only about $3 billion has been allocated for economic development in the form of development loans and technical assistance.

Much of this $30 billion, it should be noted, has been spent right here in the United States. In the process of helping other free nations, it has also helped to create jobs for Americans and to stimulate our own economic growth.

Yet there are those who would conclude that such economic assistance has also been a failure. Was the Marshall plan a failure? We have only to look at Europe today for our reply.

And what of development expenditures elsewhere? Let us take a specific example, the case of India:

Here is a subcontinent larger than Western Europe, with more people than Europe, divided by more languages than Europe. In 1947 when the British left, it was plagued by precolonial disunity, illiterate, poverty stricken, totally inexperienced in self-government.

Yet today, 15 years after independence, India constitutes one of the miracles of the postwar era, and U.S. assistance has helped make that miracle possible. Since 1947 India has produced a constitution based on our own, with three free, violence-free, national elections, a federal system of 14 states, a stable government, freedom of speech, freedom of assembly, and freedom of religion.

Today, 60 percent of India's children are in schools, malaria control is a virtually complete success, food production has been increased by 60 percent, average industrial production by 14.8 percent annually, and irrigated land has more than doubled.

Most important of all, these advancements have taken place in the context of a mighty contest between the free democratic system of India and the harsh police state methods of Communist China. All the people of the underdeveloped world have been watching this contest as a key to the future of Asia and Africa.

And what has happened? China under communism has failed. And India, the world's largest democracy, with all her difficulties, has become one of the great economic and political success stories of all time.

Today India's development constitutes an increasingly vigorous and appealing alternative to the totalitarian model provided by Communist China. Nowhere in Asia is a more telling victory for freedom being won.

Without American aid these advancements would not have been possible.

Yet, in the face of such facts, it is argued that India has "permitted" Communist China to occupy 12,000 square miles of her territory—a statement that ignores both the immense logistical problems that Indian forces face in the Ladakh area 16,000 feet above sea level, and India's mounting military preparations to deal with the Chinese threat under these adverse conditions.

It also ignores the fact that India, concentrating on economic development and forced to purchase all military equipment from England and France at regular market prices, has been at a major military disadvantage with an army smaller than that of South Korea

pitted against Communist China's Soviet-equipped millions.

To be sure, India has often taken positions that do not coincide with ours; her unforgivable invasion of Goa is a case in point. But our foreign aid effort is not designed to buy satellites; it is designed to help free and independent countries remain free and independent within the framework of their own cultures and history.

In this regard, I come to the core of some mistaken conceptions.

One existing concept is that which seeks to perpetuate the old fallacy that the purpose of foreign assistance is to "buy" friends and allies; we are criticized for the attempt, and then condemned for not succeeding in that attempt.

Indeed, the conclusion of this notion advocates a policy of assistance only to those who are prepared to do our bidding—which is a blatant acceptance of the principle of friendship purchase, although such "dollar diplomacy" has been roundly condemned.

The reader is left breathless with the confusion of it all.

What are the facts? It is abundantly clear that the United States is not trying—nor should be trying—to "buy" friends. Rather, President Kennedy, joined with all responsible Americans, is dedicated to stimulating an honest enthusiasm for general betterment in the hearts of Asia's political and intellectual leaders, encouraging those leaders to establish real communications with the masses. History offers abundant evidence that efforts to "buy" friends are doomed to failure; moreover, such efforts are irrelevant to our aid programs.

Indeed, I find it particularly distressing that all too many foreign aid critics show no understanding whatsoever of the true purpose of these programs, although this purpose has been clearly stated and restated by the nine Congresses and four administrations that have authorized this bipartisan effort since 1944.

For instance, the Foreign Assistance Act of 1961, under which our present program operates, declares that our policy is "to seek a community of free, stable, and self-reliant countries." Nowhere has a policy of aid only to "friends" been decreed by either a Republican or Democratic administration, by either a Republican or Democratic Congress.

Now what do such policy declarations really mean? What is the essence of our purpose as a dispenser of economic assistance to the developing new nations?

Simply this: to create a world community of nations where freedom of choice is possible, and where free nations have an increasing capacity and will to defend their independence against all external and internal threats.

Such is our purpose, as stated by President Kennedy and by President Eisenhower before him.

Americans have no desire for satellites. We know that the best defense against communism everywhere in the world is freedom, diversity, and prosperity—with a steadily increasing number of nations in which such qualities are deeply rooted.

The achievements of foreign aid are oftentimes as inaccurately stated as is the purpose of foreign aid.

It has been alleged, for instance, that foreign aid has not been successful in stemming communism. Again this ignores the record.

Our military and economic aid programs have in fact been indispensable in stopping communism. For example, the Marshall plan stopped the march of communism in Western Europe. Greece is not a satellite today because of our aid program. Likewise because of aid, South Korea, South Vietnam, Iran, and others are not behind the Communist "curtains." India's and Pakistan's resistance to communism has been greatly strengthened.

It is a staggering achievement that of the 40 new countries that have come into being since 1946, not 1 has succumbed to communism in spite of the flow of Soviet rubles and undercover agents.

At this crucial moment, when we are sending American troops to northern Thailand and are acting as advisers in the hot war in South Vietnam, I particularly oppose any suggestion to curtail or phase out our aid program in southwest Asia. This would be an unfortunate and untimely blow at the morale of millions of people in this area who are counting on us to help preserve their freedom.

There has undoubtedly been some waste and mismanagement in our assistance to southwest Asia in the fifties. Every effort should now be made, and is being made, to learn from past errors. But it is patent nonsense to let southeast Asia go down the Communist drain because of our own frustrations and lack of faith.

Recent testimony and my own observations show that, although conditions in some of the southeast Asian nations are not as free as they should be, genuine progress is being made. The U.S. Government has been pressing hard for increased reforms to the fullest extent possible under the present security conditions. It should push even harder.

I might add that our greatest errors in this region have come not from the granting of assistance, but from a failure to understand the types of assistance required in specific situations and the political forces at work in each nation and each region. In this regard, we have much to learn from our own grievous politico-military error in Laos in 1956–60.

Any suggestion that foreign aid is "pure" humanitarianism simply does not reflect the facts.

Although there is nothing wrong with humanitarianism, the program has never been so described. The fact of the matter is that our humane motivations coincide with urgent considerations of national self-interest.

The burgeoning economies of Greece, Japan, Israel, and Taiwan, in large part the result of foreign aid, should be acclaimed not dismissed. The extraordinary progress in vast and complex India, especially when compared with the slowdown in Red China, is oftentimes condemned because India does not act exactly as we think she should act. Is India's independence, sensitivity, and, on occasion, arrogance, in the face of U.S. criticism not similar to our own reaction to European critics in the first century of our own Republic?

The quickening tempo of world events, both in the frequency and intensity with which they affect U.S. national security, requires continuous supervision and evaluation of U.S. foreign policies and their execution. The area covered by the committee in its study tour has, because of urgent problems of development in these ancient countries, the greatest possibility for change along with the greatest pressures for change to be realized.

U.S. policy must display the most skillful military, economic, and political coordination by officials of the U.S. Government, both the policymakers in Washington and the administrators in the field, of the adopted programs. The military policy must assist, when needed, friendly governments in maintaining the stability necessary for economic development and political organization to take place. Economic development, with the assistance of U.S. aid, must redress, with increased rapidity, the imbalance between the needs of the people and capacity of society to meet them. Only as the gap between the "haves" and the "have nots" is reduced, will there be any enduring stability in the newly independent countries around which an enduring U.S. foreign policy can be built.

Government programs will carry the major responsibility for aid for a number of years, but it is to be hoped that American enterprise, through private investments, as was envisaged in the original point 4 proposal, will progressively participate in the economic development of all countries significant to our national security. The enterprise and initiative, as were employed in the development of this country, must be applied to the new frontiers of entrepreneurship to discover a satisfactory basis to make capital ventures abroad mutually beneficial. The transplanting of successful managerial skills, constructive labor relations, and know-how into the economics of developing countries will, if done with the best practices of American industry—as distinguished from economic colonialism and piracy—provide an enduring basis for U.S. economic interests abroad compatible with U.S. foreign policy.

Continued attention must be given to coordinate U.S. support for economic development that will progressively broaden the political base on which a viable democratic system rests. In the formulation of aid programs, careful consideration must be given not only to their economic but also their political consequences. If economic development is to contribute to desirable political growth, adequate tax reform and land distribution must take place in most if not all countries in this area, otherwise present economic distortion will be reinforced rather than remedied. U.S. aid policies alone cannot accomplish this end, but

the selection of projects and programs can certainly encourage it.

Foreign aid not only continues but has increased as a significant instrument of U.S. foreign policy. The challenge evidenced in the acceleration of the cold war and limited war in these areas by our adversaries required a more exacting definition of the objectives of the aid program and a higher standard of execution of the programs to achieve the objectives. The hard and demanding circumstances surrounding the future of Asian countries enhance foreign aid as an instrument of U.S. foreign policy.

As long as substantial disparity between the "have" and "have nots" exists to be exploited by our adversaries in the cold war, the requirements of our national security demand that aid, in appropriate amounts and properly administered, be extended to the countries whose governments and people are endeavoring to achieve sufficient stability to continue free of foreign domination.

The responsibility for assisting the efforts of these countries to modify this extreme imbalance that exists, rests inescapably in part on the United States, for our national security is involved in the ultimate outcome of these efforts. The policies of this administration, as have the policies of all administrations since World War II, have recognized and accepted this necessity.

The experience gained in the years of use of aid as an instrument of U.S. foreign policy must be utilized by both the legislative and executive branches of the Government in insuring further success with present and future aid. The increased tempo of the various aspects of the cold war and economic offensives require an increasingly exacting definition of the objectives of U.S. aid and the programs and administration to achieve them. The AID organization, possessed with a generous congressional grant of discretion, must definitely and determinedly sift and winnow its programs and personnel to achieve the maximum success in the shortest time possible.

No thoughtful American would maintain that our foreign aid program has solved or can ever hope to solve all of the world's problems. Nor can it be said that there have been no errors, waste, or failures in our 15 years of experience as a leader of the free world.

Yet historians will not accept the difficulties which we face as an excuse for failing to do all we can; indeed, it may be said for abdicating our national responsibility. Nor can anyone aware of the history of our time and the history of our foreign assistance effort deny the unprecedented accomplishments of this unprecedented program, much less assert that it be arbitrarily curtailed because the problems it attempts to solve are too large and too difficult.

Our foreign policy objective is to create a world of stable, free, and independent countries, willing and able to meet their own problems in peace and freedom.

The foreign assistance program is a vital, successful, integral arm of that policy. It deserves the understanding and support of the American people and the American Congress.

May I say in closing that while disagreeing sharply with some of the reasoning and conclusions of my colleagues, I understand the frustrations from which their position stems. We are dealing with an infinitely complex world, with problems that have no precedent, with responsibilities that were not of our asking.

Our task is particularly difficult because we Americans are accustomed by long experience to quick and final solutions. We are all anxious now to get things settled overseas once and for all so that we can concentrate on the business and future of America.

Yet neither today's world nor tomorrow's world can be easily shaped to our precise concepts. But the stakes are not less than the peace and freedom of mankind.

I include as a part of my remarks, the attached newspaper articles and letters which indicate the great variety of results and accomplishments which our foreign aid program have created throughout the world:

[From the Washington Post, July 8, 1962]

HAVE-NOTS GAIN FROM ISRAELIS' EXPERIENCE

(By Eleanor Templeton)

TEL AVIV.—One of the most successful aid programs in the world today in terms of effectiveness is at the same time one of the most modest in size. It is the aid extended by Israel to the developing countries of Africa and Asia.

No giant projects are involved and no vast outlays of money. Israel could not afford these, as she is still traveling the rocky road of development herself. Yet it is largely for this very reason that her help is both sought after and resultful.

In the process of trying to make the best of a materially poor country, Israelis have brought fresh and dynamic solutions to many fundamental development problems. And it is the fundamentals that count, particularly in Africa, where most newly independent countries are wrestling with the most basic facts of national existence.

Israeli experts function accordingly. There is nothing of the big executive about them; they are shirt-sleeve operators working right alongside their trainees in field, factory, office, laboratory or hospital. They aim to create a sense of accomplishment and to communicate the Israel ideal of pride in hard and fruitful labor.

Israel's aid program is under the supervision of the Department of International Cooperation of the Ministry of Foreign Affairs. Assistance is given by training Afro-Asians in Israel; by sending out Israel experts, instructors, and survey missions, and by sending out teams of Israelis who are assisted in the field by local personnel already trained in Israel.

More than 1,000 trainees from developing countries are studying in Israel. By far the greatest number of these come from Africa. Their training embraces a wide range of what might be termed "survival subjects"; the raising and distribution of food; the building of homes and villages; the establishment of small industries; care of the sick and the guarding of public health; the spreading of basic education.

Through study and actual work on farms, those whose special interest is agriculture gain practical knowledge of poultry raising, water distribution and crop control; of how to establish cooperative agricultural settlements and utilize cooperative marketing methods.

Another program, geared to the requirements of setting up small industries, accents vocational training. Students learn carpentry, metal and electrical work, auto mechanics, telecommunications, construction, and basic community planning.

Then there is the critical area of public health, in which Israel, with her unusually high ratio of skilled medical men, is able to provide invaluable assistance. In addition to training in nursing and other specialized medical subjects, Hebrew University-Hadassah Medical School is inaugurating a 6-year course in medicine to be conducted in English for 20 students from Africa and Asia, with a parallel course in French planned for next year.

Israel also provides 1,000 university and postgraduate scholarships to Africans and Asians, who can study in institutions known internationally for their excellence, such as the Hebrew University in Jerusalem, the Technion in Haifa and the Weizmann Institute of Science in Rehovoth.

And for youths below university age, an outstanding role is played by the Israel paramilitary cadet organization known as Gadna, for youngsters from 14 to 18. Gadna's activities include camping, scouting, mapmaking and mapreading, handicrafts, sports, folk dancing, field games, and overall indoctrination in the principles of good citizenship.

Africans and Asians studying this program live in Gadna camps for 4½ months and wear uniforms with shoulder patches showing the name of the student's country. Instruction in English and French also includes courses in youth welfare services and in organizing and administering a youth organization.

Another source of utilitarian learning is Israel's national labor federation, the Histadrut. It is unique among federations in that it is itself engaged in a number of economic enterprises which operate on cooperative lines.

This is a situation born of necessity; the Histadrut became what it is in response to the urgencies of a society forced to build itself up with a large measure of ingenuity and self-help. It has acquired a great deal of knowledge to pass along to those interested in learning how unionism and cooperation can combine to speed development.

A great many Africans are indeed interested—one of them being Kenya's Tom Mboya, who honeymooned in Israel in January.

During the last 2 years, hardly a month has gone by without a visit by some African or Asian heads of state, ministers, political leaders, labor leaders, civil servants, teachers, social workers, and others who were invited to attend conferences or to see what makes Israel run.

In sending Israeli experts out to the developing countries, the emphasis is on projects closely related to basic needs. For example, high school teachers, vocational instructors, and youth training specialists are working to improve primary and secondary education in Ethiopia, Guinea, Mali, Ghana, Niger, Togo, both Congos, Senegia, and the Central African Republic.

Israeli doctors and medical technicians have helped establish hospitals, clinics, and public health services in Ethiopia, Liberia, Sierra Leone, Congo (Leopoldville), and Ghana. Agricultural experts have handled crop problems, water development, and the setting up of cooperative farm settlements and marketing organizations in Burma and across central Africa from east to west.

In the same farflung territories, Israeli architects and engineers have directed the building of roads and airports; public works and public buildings; urban and rural housing; factories, schools, and hotels—all the while training local personnel to take over after the Israelis leave.

Building projects often are under the auspices of joint construction companies in which the host country owns a majority share and from which Israel withdraws at a specified time. In Africa, about 350 Israelis and 30,000 local employees are engaged in these programs. Thus a large army of qualified workers is being created, ranging from professional and supervisory personnel to carpenters and mechanics.

The joint enterprise plan also has been applied to shipping, most notably in the case of Ghana's Black Star Shipping Co. This association began in 1957 with Israel operating the initial fleet and training Ghanaian officers and crews.

Today, the Black Star line employs nearly 500 Ghanaians, has started its own stevedoring operations and is preparing to open a tourist office. Ghana assumed entire control of the company some time ago, retaining Israel's Zim Navigation Co. as managing agent under contract until 1967.

Israel's readiness to retire from the scene once her mission is accomplished contributes enormously to the success of her assistance programs. There is no fear that "colonialist designs" lurk behind her efforts; what she gives is offered in the spirit of friendship, and friendship is what she wants in return.

[From the Washington Post, July 8, 1962]

AID TO INDIA COULD BE CASUALTY OF OWN MAKING

(By Warren Unna)

The administration's foreign aid authorization bill comes up on the House floor Monday, and if the Senate's vote last month is any precedent, there are ominous signs for India.

The Senate, in a highly unusual spelling out of an individual country in an aid bill, cut back the administration's Indian aid request of $815 million to the past year's level, around $727 million. And this cut was made in the first round of authorization. In the actual appropriation bill, the cuts are usually far deeper. And the authorization bill still has to run the House gantlet.

A cut in Indian aid this year would come just at a time when Indian-American relations are plummeting toward an all-time low. Yet even while the temper of Congress and, conceivably, of the President himself toward India is provoking such a cut, Indian and American objectives are more closely intertwined than ever before.

THE PERFECT PROTOTYPE

For India, despite all the gall that her moralizing on foreign affairs has engendered in this country, today towers among her Asian neighbors. She has the precise type of government that the United States is anxious to see develop in all the newly independent former colonies. India is a really working democracy.

And despite a population of 438 million which is second only to Communist China's, and some of the world's worst poverty, India has managed to survive her 14 years of independence without having to resort to the paternal military dictatorships of such Asian neighbors as Pakistan, Burma, Thailand, South Vietnam, Taiwan, and South Korea.

Last February, India, in holding her third 5-year general election, not only managed to get more people out to the polls than any other democracy in the world; she did it without either confusion or bloodshed. And despite all the petty annoyances of a large bureaucracy, India is investing more of her money and energy in economic improvement than any other underdeveloped nation.

Even when the record in international relations is cited, the coincidence of Indian actions with American objectives has been far more frequent than either country, in its present state of petulance, seems willing to acknowledge.

While the rest of the free world talks about Communist China as being its greatest potential enemy, India is the one nation skirmishing with Chinese troops—in the conflict of claims to Ladakh.

The United States has military trainers in South Vietnam to help that country fight off its Communist infiltrators; the recent decision of the Indian chairman of the International Control Commission in finding Communist North Vietnam guilty of trying to overthrow the South Vietnam government, now provides the legal justification for that U.S. participation.

While the United States considers its large financial contribution to the United Nations Congo operation vital to the survival of both the U.N. and the Congo, it is India's contingent of 5,000 troops in the U.N.'s Congo forces that provides the real fighting power.

RIFT OVER LUMUMBA

With such dovetailing of international objectives, what has gone wrong between India and the United States?

From the American point of view, it might have begun in late 1960 when India's espousal of the late Congo Premier Patrice Lumumba was looked upon as mischevious, if not actually pro-Communist. India insisted that Lumumba more truly represented the Congolese than some of the West's candidates.

Then when the Soviet Union defied world opinion and began holding large nuclear tests in the atmosphere last September, India's Defense Minister and chief U.N. spokesman, V. K. Krishna Menon, started denouncing America's controlled underground shots as being equally harmful to world welfare.

When Indian Prime Minister Jawaharlal Nehru dispatched Menon to the White House in November for a kiss-and-make-up call on President Kennedy, Menon is said to have spent 44 of his 48 minutes lecturing the President, telling him he was badly informed on what was going on in South Vietnam and urging him to send Republican Henry Cabot Lodge back to head the U.S. mission at the U.N. in place of a man Menon could not abide, Adlai Stevenson.

U.S. Presidents are not accustomed to being lectured to by anyone. Menon's "good will" call made sore points even sorer.

THE GOA SURPRISE

Last December, when India seized Portuguese Goa, the United States discovered that India's nationalistic aspirations had made quick hypocrisy of all the years of lectures on how other nations should behave.

Last month, when India had the Soviet Union veto an innocuous U.N. resolution on Kashmir and told the U.N. in so many words that the Indian-Pakistan dispute over Kashmir was no longer any of the U.N.'s business, India's moralizing lectures once again were deflated.

And today, when India is convinced that she needs jet fighters to defend herself against the jets facing her from Pakistan and Communist China, and makes it appear that the Soviet Union is just dying to supply them, the United States is inclined to remember the If-you-won't-Russia-will tactic pulled by Egypt in 1956 in trying to find a backer for her Aswan Dam.

The United States thinks it has done its best by India. It has seen to it that India received more economic aid than any other country. It has come a long way from the "immoral neutral" philosophy held by the late Secretary of State John Foster Dulles during his early years in office.

AN ECHO FROM NEHRU

Yet instead of appreciation, or even understanding, the United States now finds itself rewarded with the sarcastic guttural of Krishna Menon. And a few weeks ago, the United States also became the butt of Menon's boss, Prime Minister Nehru.

"It is a matter of deep regret to me," Nehru told a press conference, "that repeatedly on subjects which concern us greatly, about which we feel rather passionately almost—subjects like Goa and Kashmir—it should be our misfortune that the two great powers, the United States and the United Kingdom, should almost invariably be against us."

In one way, Nehru was speaking for the Indian intellectual, who has long insisted that India must be harsher in its judgment of the West than of the East because a Western-tutored India expected the West to know and do better. But in another way, Nehru was endorsing the cynical contempt that his chief adviser Menon holds for the West.

PORTRAIT OF UNCLE

An Indian journalist visiting Washington last week expressed this cynicism in two ways:

1. "The British tortured Nehru physically by putting him in prison before our independence. You Americans now are torturing him mentally."

2. "We Indians essentially are cultivators. There is never enough food from the land, so we always are at the mercy of the moneylenders and are told what to do. You Americans now are the moneylenders."

Deserve it or not, in many quarters of India the wealthy American is looked upon as the white colonial successor to the old British raj. And since Britain's dominance as a world power has waned, she goes almost unnoticed in the SEATO and CENTO military alliances with India's border enemy Pakistan. The United States, as Pakistan's armorer, finds itself having to justify doubly its peaceful intentions toward India.

From the Indian point of view, there should be no question of American sympathy on such causes as Goa and Kashmir. Where is the revolutionary America of 1776, Indians ask. Would America have had even the 14 years of patience India had in tolerating a Portuguese enclave the size of Rhode Island festering within its subcontinent? Could an America which fought for separation of church and state permit a Pakistani Kashmir where the official religion would be Mohammedanism?

And, surprising as it may seem to those who view Adlai Stevenson as America's best intermediary with the underdeveloped world, the U.S. chief spokesman at the U.N. does not get across to the Indians. As one expert put it: "There are only two professional moralizers in this world, Nehru and Stevenson, and neither can tolerate the competition."

Indian-American relations certainly have not been improved by Krishna Menon. He has never made the slightest attempt to conceal his contempt for America and his admiration of the Soviet Union. But he is equally contemptuous of many of his fellow Indian officials, and for that reason equally disliked by them.

Prime Minister Nehru, however, is not one of that group. Menon was Nehru's first sponsor when Menon, the brilliant and successful lawyer, headed the Indian League in London and Nehru was an unknown writer and revolutionary. Menon long has been Nehru's only real intellectual equal in the Indian cabinet, the only one with whom Nehru, as Minister of External Affairs, can discuss external affairs.

And where there is a dirty job to be done—as invariably happens in the governing of any country—Nehru has found it politic to turn the other way while knowing surely that the necessary will be done.

But this tandem operation may be coming unbalanced. At 72, Nehru not only is aging; he has lately been seriously ill with kidney poisoning. His colleagues have found him

more ill-tempered, often listless and often unavailable.

Menon, meanwhile, has been exploiting his double job as Defense Minister and chief foreign affairs spokesman at the U.N.. And he has not been oblivious to the foreign policy situations he can create as Defense Minister. The most recent one was his recommendation that India go to the Soviet Union for her jets and thus make a complete shift from her traditional military dependency on Britain and the West.

Menon also cannot be unaware that by requesting the Soviet Union to bail out India with a veto at the U.N.—as he did on Goa and Kashmir—he is increasing his country's debt to Moscow.

On another plane, just when strong embassies are needed in New Delhi and Washington to counteract Indian-American misunderstandings, both embassies suddenly find themselves considerably weaker than in several years.

J. Kenneth Galbraith, the U.S. Ambassador to India, has just completed his sixth trip to the United States in the little over a year since he was accredited.

B. K. Nehru, the Prime Minister's cousin and Ambassador to the United States, has been rebuked by both his chief and the Communist Party opposition in Parliament for making too much of India's defense needs in trying to obtain American jets. Now he has departed in frustration for lengthy stays in Europe and Latin America.

His deputy, Minister D. N. Chatterjee, a mainstay in promoting Indian-American understanding for the past 3½ years, leaves this week to become the first Indian Ambassador to the Congo. The embassy not only will be left leaderless; it is coming more and more under criticism in New Delhi for being too pro-American.

So despite all the reasons why the United States and India should be in closer harmony than ever before, bitterness at the United Nations, the personal element of Khrishna Menon, Prime Minister Nehru's debilitation and embassy abdications have been working against it.

And now a Congress long weary of foreign aid may reapply the old "we-like-you-we-like-you-not" criterion. And a President understandably frustrated with finding his best efforts unappreciated may find that there are more rewarding battles to be fought than India's.

If this should come to pass, India would be deprived of foreign aid she needs to achieve the economic progress vital to a successful democratic society. And the United States might find herself deprived of the friendship of the most important democracy in Asia.

[From the New York Times, July 8, 1962]

TURKS' VOTE BACKS INONU'S COALITION

ISTANBUL, TURKEY, July 7.—Premier Ismet Inonu won a vote of confidence in the Chamber of Deputies today for the program of his newly formed three-party coalition government.

The vote was 259 to 135. The figures indicated that about 30 Deputies of the opposition Justice Party, which had been expected to vote solidly against the program, had cut through party lines to support Mr. Inonu.

The 78-year-old Premier's program proclaims Turkey's attachment to Western democracy and proposes economic and social reforms in most branches of Turkish national life.

The coalition consists of the Premier's People's Republican Party and two smaller groups, the New Turkey and Peasants' National Parties.

The vote was preceded by 3 days of debate on the program, some of it bitterly recriminating. On Thursday fighting broke out among the Deputies after a spokesman for the small National Party had charged that Mr. Inonu had maneuvered into the premiership by the armed forces.

Following the vote of confidence, Premier Inonu addressed Parliament. He deplored the wide publicity given to accusations by some of the army officers who retired after their unsuccessful attempt to overthrow the Government February 22. They charge that a number of prominent generals double-crossed them by withdrawing their support of the abortive action.

"The army rejected these officer adventurers," Mr. Inonu said, "and it is completely clear now that the armed forces see that the country's safety lies within a democratic regime. The attempt of the adventurers completely failed and has been condemned by the army and the nation."

As Mr. Inonu left the chamber, a Deputy of his People's Republican Party shouted toward the benches of the Justice Party: "The February 22 scandal was your fault."

A fist fight started, but the chamber was speedily cleared and Parliament was recessed for a summer vacation until September 4.

[From the New York Times, July 8, 1962]

GREEKS AND TURKS MAY GET NEW AID

(By Edwin L. Dale, Jr.)

PARIS, July 6.—What may become a major new foreign-aid program for Greece and Turkey is taking shape in the Organization for Economic Cooperation and Development.

The organization, formed at the end of 1960 is composed of the United States, Canada, and 18 European countries.

The issue will be taken up seriously for the first time next week by the organization's council, its ruling body. The council will have before it a report of the Economic Development and Review Committee, to the effect that both countries have reasonable 5-year development programs and will need substantial external assistance to realize them.

Turkey evidently will require at least twice as much as Greece. There are still no precise estimates of the help needed, but figures published by the Government indicate a Turkish shortage of foreign exchange, to finance imports, of more than $1 billion in the next 5 years.

This does not include the need to find foreign exchange to pay off a large accumulation of short-term debts.

NO ORGANIZATIONAL FUND

Greece currently is revising her estimates, but an exchange gap of roughly half the Turkish level appears indicated. Greece does not have a short-term-debt problem.

The Organization for Economic Cooperation and Development as such has never engaged in an aid program, nor did its predecessor, the Organization for European Economic Cooperation. It has no development-aid funds of its own, but it includes nearly all the important aid-giving nations of the non-Communist world.

Thus the aid will be given by members of the Organization for Economic Cooperation and Development rather than by the organization itself. But the aim is to build up an agreed and coordinated aid plan, with a fair sharing of the burden.

The main step taken to date is the report by the Economic Development and Review Committee that both Turkey and Greece have produced sound development plans and cannot hope to achieve the economic growth they need without aid.

MOVE URGED BY NATO

The Organization for Economic Cooperation and Development took over the Greek-Turkish problem after the North Atlantic Treaty Organization recommended in April that the Atlantic alliance members form consortiums to meet the two countries' needs. Greece and Turkey are members of both groups.

A key question in the forthcoming debates will be how many Organization for Economic Cooperation and Development members will be willing to contribute. Up to now the great bulk of help to both Greece and Turkey has come from the United States.

A sizable amount also was given by West Germany, and a little by Italy to Greece in the form of reparations.

[From the Washington Post, July 8, 1962]

UNITED STATES SHOULDN'T SLAM DOOR ON YUGOSLAVIA

(By George F. Kennan, U.S. Ambassador to Yugoslavia and distinguished authority on Soviet affairs)

For American statesmanship of the post-war period, the countries of Eastern Europe have always presented problems of utmost complexity. The pattern has been full of contradictions. One has had to bear in mind the interests and aspirations of regimes, but one has also had to bear in mind the interests and aspirations of peoples.

Because such contradictory factors were involved, any effective policy toward these countries has always had to embrace what appeared outwardly to be contradictory elements: an alternation of denial and concession. This has been true of our policy toward Russia, as well.

In such cases, the effectiveness of a policy depends not on trying to eliminate all elements of apparent contradiction but on the skill and flexibility with which these opposite elements can be exploited for the main purpose, which in our case is the creation of conditions conducive to a reasonably just and stable peace. For this reason, the Executive has always had to ask of both Congress and the people, when it came to handling the problems of this part of the world, a relatively wide latitude of action for itself and a certain forbearance by others from too much back-seat driving.

FOURTEEN YEARS DIVERGING

Yugoslavia has been no exception to this rule. True, the problem has been somewhat simplified here by the fact that since 1948 the country has been free of Soviet control and has conducted an independent policy. Of this there can, in my view, and I believe in that of every qualified observer of the Yugoslav scene, be no possible doubt.

It is true that the views Yugoslav leaders have put forward on various international problems have often been in conflict with our own. Sometime (not always) they have coincided with those of Khrushchev. This is disturbing and, from our standpoint, regrettable. It constitutes a fact which we have had to take into account in framing our policies.

But it is not proof that the Yugoslavs are not independent. People can agree with others voluntarily, for reasons of their own and not because they are forced to do so. Some people, after all, agree with us.

It is now 14 years since Yugoslavia's independence of the Soviet bloc was established. During this period, the development of both ideas and institutions in Yugoslavia has been steadily away from Soviet patterns. In a number of important and critical respects, Yugoslavia's situation now differs fundamentally from that of the bloc.

The movement has not always been in the direction of our own ideas and institutions, but it has generally been in the direction of ones with which we can live—ones compatible with a normal and fruitful relationship between our two countries. To this we must add the fact of an overwhelmingly friendly disposition toward us on the part of the Yugoslav people.

A PROVED APPROACH

In these circumstances, I do not know of a single person who has occupied himself re-

sponsibly with this problem in recent years who does not agree that it has been to our interest to support where we could the effort of the Yugoslavs to retain their political independence and to encourage the development of Yugoslav society along lines that correspond to its own needs, traditions, and geographic position rather than to the requirements of any outside political grouping. Three administrations, after looking at the problem very hard, have come to this conclusion and have tried to act accordingly.

This has not always been easy. There have occasionally been false starts and mistakes on our part. The Yugoslav leaders have not always made things easy. Yet it is the unanimous view, I think, of all of us who have been concerned with the problem, that the effort has been worthwhile—from Yugoslavia's standpoint and from ours.

It has contributed importantly to the solution of a number of specific problems of the Southeast European area: such things as Trieste, the Austrian peace treaty and the stabilization of conditions on the Greek border—all questions by which the peace of Europe might, in other circumstances, have been seriously disturbed.

It has kept the forces of the Warsaw Pact at a considerable distance from the Adriatic. It has exercised on conditions and relationships within the Soviet bloc an influence which I am sure has been conducive to the interests of a more stable world and actually to the real long-term interests even of the bloc peoples themselves.

It is of the greatest importance that our support for Yugoslavia's independence, which has been consistently and successfully pursued for 14 years, not be interrupted at this present delicate moment in world affairs.

It is essential that the Yugoslavs should move into the coming period with the confidence that if their own policies are ones which show reasonable respect for Western interests, they can have the advantages of a normal and mutually profitable political and economic relationship with the West. The aim of American diplomacy should be, and must be, to confirm them in this impression.

During the present session of Congress, amendments to two bills have been introduced which would have exactly the opposite effect. One of these would inhibit all aid to Yugoslavia except surplus food. The other would deprive Yugoslavia of most-favored-nation treatment for the export of her goods to this country.

If the aim of its authors was to curtail aid to Yugoslavia, the first of these amendments was wholly unnecessary. For various reasons, aid outside the category of surplus food was already being drastically curtailed. It would have been confined, in any case, to almost negligible dimensions in the forthcoming period. This is a situation warranted by present circumstances.

What the amendment actually does, however, besides expressing ill-will to Yugoslavia, is merely to make it impossible for our Government to say to the Yugoslavs that if circumstances were to change in ways we could view as desirable, there might be a possibility of our being more helpful.

For the second amendment, it is hard to discern any motive at all other than a desire to inflict gratuitous hardship on both the Government and the people of Yugoslavia. The country is already suffering not only from the effects of two seasons of drought but also from a severe crisis in its balance of international payments. Yugoslavs are greatly worried, and not entirely without reason, over the future effects of the European Common Market on their export possibilities.

The proposed amendment would simply make it more difficult for them than it would otherwise be to meet their international obligations, including the ones they have incurred to ourselves; and the lack of any particlar occasion for such an injury would cause it to appear doubly vindictive.

Together, these amendments would have the effect of confronting the Yugoslavs with a closed and locked door on the Western side precisely at a time when it is imperative that it be clear to them that this door is open. Never has it been more important that the choices by which they are confronted should be fair ones, and not ones slanted, as the amendments could cause them to be, in favor of a pro-Soviet orientation. None of us can deal with the Yugoslavs successfully on behalf of our country if we have only a closed door behind us to point to.

It is sometimes said that the effect of these amendments would be to force Yugoslavia back into the Soviet bloc. I would not go this far. I think the Yugoslavs will continue to exert every effort to maintain their hard-won independence, whether or not our Congress shows sympathy for that effort. But it would be hard for any of us to explain to them, and even harder for the Yugoslav leaders to explain to their own people, why we should want to go out of our way to make this effort more difficult for them than it need otherwise be.

If these amendments go through, the administration will have been denied the latitude of action necessary to enable it to handle effectively a delicate and important area of our foreign relations, and one that has important connotations for our political encounter with the Soviet bloc as a whole. The foreign policy of a great power simply cannot be successfully conducted under such handicaps.

What is involved here is a fundamental issue of executive-legislative relations affecting the success of our international undertakings and the entire security of our Nation. It is difficult to believe that any Member of Congress who knew the facts, and had reflected on their true meaning, could wish to share responsibility for the grievous narrowing of the possibilities of American statesmanship which amendments of this nature would impose.

[From the Polish Nowy Swiat, July 3, 1962]

AID TO POLAND

Whatever one may deduce, we live through a period of constant apprehension and fear. We fear what tomorrow has in store for us. We fear what our prospective enemy is bound to involve us in. We fear the future.

And whatever the scientific conclusions of expert politicians, we know that most of our fears stem from the fact that we had succumbed, in World War II, to unnecessary fears and concluded an alliance with one of the world's two totalitarian powers—to make it easier for us to combat the other totalitarian monster—and after winning the war failed to win the peace by continuing the unholy alliance with the war-time totalitarian ally who skinned us to the amount of $11 billion, whereupon he proclaimed that he is the victor, having won World War II, both in Europe and Asia.

And whatever one now thinks about the international situation, the fact of the matter is that none of us feel comfortable (if one is a thinking human). And this in spite of all our riches and the easy life of onlookers and sybarites we lead.

As regards Poland fears there are general. The situation is variously described as "fine", "so-so", "rotten", "unbearable", "poor", "economically desperate", etc. It all depends who is telling the story, what one wanted to see, what one was shown by the powers-that-be, and how much one knew about the country in prewar as well as postwar time.

During the foreign-aid zigzag voting in the House and in the Senate, one could hardly discern the truth. In came Delaware Democrat HARRIS B. MCDOWELL with the story that the ravages of World War II are still prominent in Poland, and that in spite of all the big noise Communists and non-Communists are making about the postwar industrialization of the country, Poland's industrial base still remains small. One would think that in spite of hailing from the second smallest State of the Union, MCDOWELL talks big as an American, and compares everything in industry with the world's greatest industrial power.

Be that as it may, MCDOWELL was well oriented upon his return from Poland and was able to announce that any help from America in reducing Poland's economic dependence on the Soviet Union is welcomed and appreciated. This he concluded after warning all and sundry that if the United States continues to trade with Poland, it must understand that the Polish Government is firmly communistic and that American policies must be subject to change at any moment.

There is nothing in Poland—said MCDOWELL—to justify any optimism that the country can be detached from the communistic bloc in the immediate future. And here you have in a nutshell the whole story. An honest account and an honest opinion of one of our lawgivers, capped by the following final statement:

"The alternative to continuation of our surplus food program to Poland would be to deny this humanitarian type of assistance to the people of that country, thereby turning our back on the tradition of good will and friendship toward the United States which has historically existed between the people of Poland and the people of the United States."

Mind you, this is not a fellow Polish-American, but—judging by the name, a man whose ancestors, like ours, came over the great pond from a different, old country and who used the same arguments members of the Supreme Council of the Polish American Congress used in their resolutions passed June 17 at their sixth meeting in Washington.

[From the New York Times, July 8, 1962]

U.S. GOVERNMENT WILL AID FRIENDLY NATIONS

Two political developments have led to the American determination to keep troops overseas: the consensus that this Nation would not retreat into isolationism and the recognition of the Communist threat to the free world embodied in the Czech coup of 1948. In West Europe, where the major threat lay in a Soviet onslaught on the ground, the largest American commitment has been in ground forces. Most of the 260,000 officers and men stationed in West Germany under NATO are Army personnel. In addition, the United States has strategic and tactical air power assigned to NATO. It has missile bases in England, Italy, and Turkey and has the 6th Fleet in the Mediterranean. There are more than 400,000 American servicemen in Western Europe today. In the Far East, the Navy and Air Force—and especially the 7th Fleet—have borne the major burden of guarding against Communist Chinese expansion. American troops in southeast Asia itself, although small in number, represent what might now be called the new frontier in anti-Communist containment. In South Vietnam, U.S. forces are present in an advisory capacity, to help train indigenous forces and to experiment with guerilla warfare techniques. One consistent threat runs through these varied troop commitments—that of a U.S. obligation to aid any of its allies in the event of armed Communist aggression. The more than 700,000 men—over one-fourth of the U.S. armed strength—stationed outside the continental

United States are, in effect, living promises that the U.S. Government will aid friendly, treaty-bound countries if trouble arises. President Kennedy has said there is no intention to alter this troop distribution even though the expense of maintaining it contributes to the unfavorable U.S. payments balance. For reasons of security, it is expected that this cost will continue to be borne.

[From the New York Times, July 8, 1962]

MOSCOW SAYS ITS AID INCREASES TO POORER NON-RED COUNTRIES

(By Harry Schwartz)

An official Soviet report published recently indicates that the deliveries of Soviet economic aid to non-Communist underdeveloped countries will rise sharply this year.

In a statement to Tass, the Soviet press agency, I. V. Arkhipov, deputy chief of the Soviet economic aid program, said that deliveries of Soviet equipment would be made this year to 169 projects under construction in 18 underdeveloped countries. This compares, he said, with deliveries to 123 projects last year.

To mid-1962, Mr. Arkhipov said, the total value of Soviet economic aid promised to these countries amounted to 3 million rubles, or about $3,300 million at the official rate of exchange. The aid is in the form of credits carrying 2.5 percent interest and repayable in 12 years.

Since World War II, the United States has extended more than $23 billion in economic aid to underdeveloped nations in Latin America, Africa, and Asia. Other developed Western countries, as well as international financial institutions such as the International Bank for Reconstruction and Development, also have supplied billions of dollars of aid.

Since its start in the 1950's, Mr. Arkhipov reported, the Soviet economic aid program has made agreements to help build 480 factories, roads, irrigation installations, and other capital improvements in 23 countries.

By last January, 100 of the projects had been completed, including steel and petroleum plants in India, seaports in Afghanistan and Yemen, radio stations in Iraq and Guinea, a cotton factory and a nuclear reactor in the United Arab Republic, and a technical institute and a hospital in Burma, among others.

Thirty additional capital improvements receiving Soviet aid are scheduled to be completed this year, the official added.

Most Soviet economic aid is being used to help underdeveloped countries build heavy industry, Mr. Arkhipov said. He added, however, that some nations, including the Sudan, Somalia, and Mali, are putting emphasis upon expanding consumer goods production facilities with Soviet help.

More than 30 percent of the credit pledged to underdeveloped countries by the Soviet Union, Mr. Arkhipov said, is scheduled to be spent for metallurgical enterprises and metal fabrication facilities. More than 20 percent of credits are for thermal and hydroelectric stations.

To assist in this program, he said, more than 6,000 Soviet technicians were in underdeveloped countries last year. In addition, he added, the Soviet Union is also helping these countries train their own technical personnel.

Soviet aid programs provide for the building of 64 institutes, technical schools, ordinary schools and educational centers, he said. More than 20 of the training installations already have been completed.

Mr. Arkhipov's statement explained that the credits would be repaid by the recipients, mainly in goods that would help raise Soviet living standards.

[From the New York Times, July 8, 1962]

SOVIET AID ROLE MOUNTS FOR CUBA

HAVANA, July 5.—Cuba is relying more heavily on the Communist bloc for trade this year than the prerevolutionary regime relied on the United States.

Figures in a mid-1962 issue of the Government policy journal, Cuba Socialista, showed how complete Cuba's transition has been since Premier Fidel Castro came to power in early 1959.

The figures were part of an article by Dr. Jacinto Torras, Under Secretary for Oversea Trade.

They showed that trade in 1959 remained about what it had been in 1958, the last year of rule for Fulgencio Batista.

Dr. Torras said that in 1958 and 1959 Cuba shipped less than 3 percent of all exports to Communist bloc nations, while more than 65 percent was accounted for in both years by the United States.

By 1961 Cuba shipped 74.7 percent of exports to the Communist bloc, and in 1962 the planned figures were 80.7 percent to the Chinese-Soviet bloc and 1 percent to the United States.

The same is generally true in reverse for imports. Cuban import-export trade with countries other than the United States or Communist bloc members has fluctuated from 12 to 30 percent since Dr. Castro came to power.

Among the most obvious Soviet products are military trucks, four-barrelled antiaircraft guns and farm machinery. Czech aid includes several hundred buses and thousands of light machineguns.

Films and phonograph records from the Communist countries are also much in evidence. But canned foods, except for Soviet evaporated milk, disappeared from Cuban shops soon after Christmas.

TECHNICIANS ARE SENT

Dr. Torras stated that Moscow had provided the help of "hundreds of technicians specializing in different fields, who have come to our country." He also mentioned cultural and sports exchanges, as well as the supply of drugs and even of a whole hospital.

He disclosed that 2,500 young Cubans were in mid-1962 studying in the Soviet Union. This figure included 1,000 peasants specializing in agriculture.

He noted that the links with the Soviet began in February 1960, with the visit to Cuba of Anastas Mikoyan, a Soviet Premier, followed in May 1960, by the reestablishment of diplomatic relations.

The trade treaty signed during Mr. Mikoyan's visit set the pattern for subsequent trade, being based on Soviet purchases of Cuban sugar paid for 80 percent in merchandise and 20 percent in freely convertible currency.

Then Cuba "by a sovereign act" decided to buy Russian oil at a cheaper price than that of the West.

[From Newsweek, June 18, 1962]

PARADOX IN POLAND

(Note.—Poland is a Communist state, but few Poles are Communists. Last week the U.S. Senate voted to deny aid "to any country known to be dominated by communism or Marxism," thereby cutting off agricultural commodity aid to Poland. Two days later the Senate voted to restore these grants, in a seemingly cynical gesture that in effect labeled Poland as an appropriate dumping ground for U.S. surpluses—but not as a country worth serious consideration in terms of over-all U.S. foreign policy. Newsweek Diplomatic Correspondent Edward Weintal returned last week from a 2-week trip to Poland. Here he reports on Poland's precariously balanced position between East and West.)

In Warsaw, in the darkened Church of the Holy Cross, a young priest had just finished reading Stefan Cardinal Wyszynski's pastoral letter urging the faithful to fight atheism, materialism, and the corruption of youth.

"And now," the priest intoned, "repeat after me: 'We pledge to thee, Holy Mary, Queen of Poland, that we shall fight the evil forces of atheism and materialism, and that we shall protect our youth. So help us God'."

The congregation, kneeling in the pews, in the aisles, and on virtually every inch of the floor, solemnly repeated the pledge. As they finished, there rose from 3,000 throats the stirring chant of the Polish prayer:

"Ancient Queen of Poland, Mary,
Speak for us, Mary,
Take our nation unto thy care."

An American visitor watching this scene in the heart of Communist Poland fully expected armed militiamen to enter the church at any moment and halt the service. But nothing of the sort happened. The congregation dispersed peacefully to nearby cafes for afterchurch coffee and cakes. The lonely militiaman on duty ouside was busily directing traffic.

That such a paradox can exist—and it is common throughout Poland—is largely duc to two men. One is Communist Party Secretary Wladyslaw Gomulka, who presides over the political destiny of his nation from a sparsely furnished, paneled office in the Central Committee building known as the "White House." The other is Cardinal Wyszynski, ruling his flock—some 85 percent of Poland's 30 million—from the baroque episcopal palace at the other end of town.

POLISH AMERICAN CONGRESS, INC.,
Chicago, Ill., June 29, 1962.

Hon. HARRIS M. MCDOWELL, Jr.,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN MCDOWELL: Through our office in Washington I have received your "Special Study on Mission to Poland and Austria" and your extension of remarks relating to the Polish American Congress appeal to the Members of the House of Representatives to vote against the Senate amendments which would cripple the President's power to extend aid to Poland.

Please accept my warmest thanks for your comments on this subject and for the inclusion of my letter in the CONGRESSIONAL RECORD.

I am reading with a great interest your truly absorbing report on the Mission to Poland and your statesmanlike appraisal of many benefits derived from, and problems involved in American aid to Polish people and in cultural exchanges with Poland.

With highest regards, I am,

Sincerely,

CHARLES ROZMAREK,
President.

COUNCIL OF THE POLISH SOCIETIES AND CLUBS IN THE STATE OF DELAWARE,
Wilmington, Del., June 27, 1962.

HARRIS B. MCDOWELL, Jr.,
U.S. Representative of Delaware,
Washington, D.C.

HONORABLE SIR: We appreciate your stand on the issue of the aid to Poland as expressed in your report on the study mission to Poland and in press release.

Polish American Congress presently supports the aid for Poland and we as the Delaware Chapter of the Congress are not only

bound by it but are also convinced that it is a just approach.

Please, support the issue when it comes to the House.

Yours truly,

CASINANI CHEFKOWSKY,
President.

ADAM J. ROSIAT,
Assistant Secretary.

THE PULASKI FOUNDATION, INC.,
New York, N.Y., June 30, 1962.

Hon. HARRIS B. MCDOWELL, JR.,
House of Representatives,
Washington, D.C.

MY DEAR CONGRESSMAN: I read with great interest your report of the "Special Study Mission to Poland and Austria," House Resolution 60. It is unbiased and well prepared from both historical and present-day viewpoints.

To acquaint other people with the contents of your report, I would appreciate it if you could spare about one dozen of more copies.

Thanking you, I am,

Sincerely yours,

JOSEPH F. LESTER, *President.*

WILMINGTON, DEL.

Hon. HARRIS B. MCDOWELL,
U.S. Representative,
Washington, D.C.

DEAR SIR: Under a special cover I sent to you a few copies of Poland, magazine published by the Warsaw Government in English language and distributed in this country. I mentioned it to you at the celebration of the Constitution of May 3, organized by the Council of Polish Societies in Wilmington. There is some criticism about the value and standard of the equivalent American publication in Poland, America—just recently said something about it W. E. Bohn in the New Leader—and I think you will be interested how the Warsaw Government is doing. Without sympathizing with their cause, I think, they do it in Poland in an excellent way.

I read your report on a special study mission to Poland and Austria and I would like to congratulate you on the manner you presented the subject, on your deep insight into the matter and wise conclusions. Please let your opinion on the subject be known during the coming battle over this issue in the House. Aid to Poland—it does not mean that it should be extended all the time and under any conditions—is too valuable a political tool for this country in order to loose it for flattering the primitive anticommunistic attitude of the average elector. By voting for the aid for Poland you will not only help the Polish nation to be himself but you will also take the side of sanity in this country.

I remain, sir,

Very truly yours,

L. KOPEĆ.

Mrs. BOLTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Colorado [Mr. DOMINICK].

(Mr. DOMINICK asked and was given permission to revise and extend his remarks.)

Mr. DOMINICK. Mr. Chairman, I am up here with some hesitation because I am not a member of the committee and do not have all the facts that went into the making of this bill. But I do have some questions on it which I hope perhaps members of the committee can answer for me. I would like to address these, if I may, to the chairman of the committee. The gentleman from Pennsylvania knows that in the past I have voted in favor of the Alliance for Progress and also in favor of the foreign economic aid program. But it says here on page 3 that in 1962 we have unexpended balances of $6.6 billion which are in the pipeline. Over how long a period of time will that $6.6 billion be spent?

Mr. MORGAN. The gentleman knows that the $6.6 billion is obligated. There is only $100 million that is not obligated.

Mr. DOMINICK. What I am asking the gentleman is how long a time it will take actually to spend the $6.6 billion.

Mr. MORGAN. If it has been obligated to build airplanes or to build a ship or a hydroelectric project it will take a long leadtime, a year and a half or 2 years or even longer. Money that is obligated for military hardware and economic assistance sometimes takes considerable leadtime. tI would be very difficult to give a definite time when this $6.6 billion would be exhausted.

Mr. DOMINICK. Is it felt by the committee that in addition to the $6.6 billion which apparently we now have in the pipeline, we will have to spend another $4.7 billion before next year is over?

Mr. MORGAN. Yes. Of course, if you want to keep your pipeline filled it is absolutely necessary or our deliveries would stop, just as in our military program. The gentleman will note on the same page of the committee report that our military has an unexpended balance of $29 billion. To stop the movement in the pipeline on military hardware would mean that deliveries of ammunition and weapons would be interrupted at some future date.

Mr. DOMINICK. So what the gentleman is saying is that within the next year we are going to be spending or obligating over $11 billion on foreign aid and military programs?

Mr. MORGAN. No; this $6.6 billion is already obligated, minus $100 million.

Mr. DOMINICK. But we will be spending it.

Mr. MORGAN. We are spending it over a period of years. When it is obligated, the money is put aside to pay for commodities and projects when they are completed. As far as this $6.6 billion is concerned the money is already appropriated and is set aside to pay for the material as soon as it is manufactured and delivered.

Mr. DOMINICK. On page 4 of the report, again referring to unexpended balances, it says that we have $6.8 billion, and on the previous page it is $6.6 billion. Where do we get the extra $200 million? What happens to that?

Mr. MORGAN. I think perhaps that is a mistake where rounded figures have been added. I think the correct figure is $6.8 billion.

Mr. DOMINICK. Perhaps the gentleman can help me on this. We had the debate on the trade bill the other day when it was pointed out that on a commercial basis our trade was profitable; that is, we were exporting more than we were importing. The general feeling was that our loss of gold was based on the foreign assistance programs, our military bases, and things of that kind. Yet I find on page 5 of the report that most of our military assistance funds are spent within the United States—82 percent, and that 73 percent of the economic aid funds will be spent here.

Mr. MORGAN. That is correct.

Mr. DOMINICK. If that is correct and if we have a profitable balance in our regular trade program how does it happen that we have a $3.5 billion unfavorable balance of payments each year? Where is it going?

Mr. MORGAN. We point out in this paragraph that the foreign-aid program is not the real villain responsible for the outflow of gold. The gentleman well knows that we have our own oversea bases and U.S. forces stationed overseas. These military expenditures from our own military funds which have nothing to do with the foreign aid bill alone account for $3 billion of our oversea payments.

Mr. DOMINICK. For the military bases overseas?

Mr. MORGAN. Yes.

Mr. DOMINICK. All right. That helps on that question.

Now, was any correlation made by the administration before the gentleman's committee in the fact that, as the report says, they want to help and assist private investors in the less developed countries, but in connection with the trade bill the administration said that they did not want American companies going to Europe at all because they wanted to keep the jobs here. Was any correlation made in programs pushing private investing in areas where there is no market and programs resisting investment where there is a market? So do we say to our private investors, "You cannot go to Europe where you might make a profit, but you can go to the less developed countries," and you have to guarantee everything out of the Federal Government?

Mr. MORGAN. It is a question of whether we try to help them. In the first place, we try to encourage American investors to go to the less developed countries because this reduces their need for economic aid. We are no longer providing economic aid to Europe.

Mr. DOMINICK. Has this been helpful?

Mr. MORGAN. It has been helpful. We offer investment guarantees to encourage investment in the underdeveloped countries.

Mr. DOMINICK. Why would it not be helpful in Europe?

Mr. MORGAN. Europe does not any longer need any help under the aid program. We are trying to help the economies of less developed countries around the world.

Mr. DOMINICK. We have had some discussion of the question of cutting off aid to nations which have already expropriated property. You say on page 31 of the report,

> The committee reached the conclusion that action of this nature would not be in the interest of the owners of the seized property.

How did we arrive at this conclusion? How did the committee come to a conclusion that it would not be of value to the owners of the seized property to say that these countries are not to get any

more aid until the investors get back the money they put in?

Mr. GALLAGHER. If the gentleman will yield, the State Department feels that——

Mr. DOMINICK. I am not interested in hearing about the State Department.

Mr. GALLAGHER. The State Department testified before the committee and said this would not be an area where there could be an association if such an amendment or provision immediately cut off foreign aid, that that would be so in many of the countries where the foreign aid is little compared to the investments that American companies may have in these countries. So what we have as making a break in these associations may play right into the hands of those who expropriate the property. We feel that we should do this by an appropriation law.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. DOMINICK. I yield to the gentleman from Indiana.

Mr. ADAIR. With respect to the statement the gentleman has just read, there are those on the committee who feel we ought to take very strong action with respect to expropriation. We feel that if we do not take strong action then the flow of private capital to the less developed countries will almost entirely cease and the program thereby will suffer. I want to make it very clear to the gentleman that there are some Members who feel strongly about it, even those who did not sign the minority report.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. DOMINICK. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. In connection with the quotation about the expropriation, it seems to me, and I might say I did not sign the minority report, that the property that has been expropriated is not going to be more easily recompensed if we should make this retroactive.

It was felt that negotiations are presumably currently under way in order to get compensation for these seized properties. But there was less likelihood of reaching a successful conclusion, if we made this provision retroactive than if we said, hereafter if you seize property, you will be disqualified from receiving further aid.

Mr. DOMINICK. It is my understanding that the President, in connection with the expropriation in Brazil, recently, said that we had made magnificent progress in doing something for the telephone company whose property was seized because he had received from the head of Brazil an agreement that Brazil would pay a little more—according to their own appraisal—under the proviso that the money would have to remain in Brazil in Brazilian currency and be used in some other kind of industry down there.

Mr. FRELINGHUYSEN. The gentleman does not suggest that magnificent progress would be made if these expropriations would be made retroactive? I take it that is not his conclusion?

Mr. DOMINICK. My point is, it seems to me that we should have bargaining powers here which would give a lever by which we can show to these countries that are seizing American properties that they must be paid for.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. DOMINICK. I yield to the gentleman.

Mr. ADAIR. I would like to say to the gentleman from New Jersey that I feel a great deal more progress would be made if we took a firm line. Statements have been made publicly to the effect that negotiations are going under way. In fact, there has been no progress at all reported of any substantial nature. I think we need to show that we are firm and when we do that, progress will be made in all these expropriation cases.

Mr. DOMINICK. I thank the gentleman.

Last year, and this is shown on page 71 of the report, we passed section 620(b) of the act which says:

> No assistance shall be furnished under this act to the government of any country unless the President determines that such country is not dominated or controlled by the international Communist movement.

The gentleman from Massachusetts [Mr. MORSE], the gentleman from Connecticut [Mr. SIBAL], the gentleman from Kansas [Mr. ELLSWORTH], and myself have sent a letter to the President of the United States asking whether he has determined that Poland and Yugoslavia are not dominated or controlled by the international Communist movement. We have not received any reply. I would like to know from the chairman whether the committee has received any such determination from the President.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. DOMINICK. I yield to anyone who thinks he has the answer.

Mr. GALLAGHER. Poland has received no aid under the bill. Therefore, a determination would not have to be made. Public Law 480 is not applicable to this bill and, therefore, such a determination is not within the province of the President to make, which is probably why he has not answered.

Mr. DOMINICK. I would like to go into this just a little bit further. Are you trying to say to me and to the rest of the Congress here that no aid has been given to Poland except Public Law 480 in the last year?

Mr. GALLAGHER. No aid has been given other than that which this body specifically authorized, in order to avoid the provisions of the Battle Act. With respect to Yugoslavia, the President has made such a determination, that Yugoslavia was not furthering the international Communist movement.

Mr. DOMINICK. When was that determination made?

Mr. GALLAGHER. At the time at which our aid was given under the 1961 act and prior to that when the House authorized such aid be given to Yugoslavia and I think the amount was in excess of $2 billion.

Mr. DOMINICK. Is there a written statement signed by the President that Yugoslavia is not dominated or controlled by the Communist movement and, if so, who is Mr. Tito?

Mr. GALLAGHER. The amendment which the President has complied with is section 143 which is as follows:

> ASSISTANCE TO YUGOSLAVIA.—In furnishing assistance to Yugoslavia, the President shall continuously assure himself that (1) that Yugoslavia continues to maintain its independence (2) that Yugoslavia is not participating in any policy or program of Communist conquest of the world and (3) that the furnishing of such assistance is in the national interest and security of the United States.

Mr. DOMINICK. I thank the gentleman for making this clear, for we have not had any answer. In view of the gentleman's reply that the President has publicly determined that the Government of Yugoslavia is not dominated or controlled by Communists, it will be my pleasure to endorse the amendment to be offered by the gentleman from Texas [Mr. CASEY], which will flatly prohibit aid to such governments. It seems apparent to me that Tito and Gomulka dominate and control Yugoslavia and Poland with the aid of Russia and if the President has determined to the contrary I feel he is wholly wrong. I cannot see any necessity for a policy under which we strengthen the government of a country which is imposing communism on the people of that country by force. It seems to me we should be working for the people, not for the government.

Mr. GALLAGHER. We are working for the people of Poland in this amendment.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from Florida [Mr. FASCELL].

(Mr. FASCELL asked and was given permission to revise and extend his remarks.)

Mr. FASCELL. Mr. Chairman, I rise in support of the pending legislation. I find nothing in the next fiscal year which would encourage me in any way to think that we can in any sense change or reduce our economic offensive or that in any way the Communists have receded one bit in using economics as a weapon in the cold war. Therefore it behooves us, in my judgment, to use this bill to the best of our capability in our own national interest.

In saying this I do not in any sense slight or derogate the humanitarian aspects of what the American people have done, because, despite all of the pessimism and the arguments against the legislation, the record of the American people in regard to what they have been able to do under this legislation will undoubtedly be the greatest record of mankind, and certainly is today the greatest record man has ever written in behalf of his fellow man. And who here today cannot take great pride in the fact that notwithstanding all of the trials and tribulations and the great wars and sacrifices involved, the great challenges inside and outside of this Nation of 180 million people have faced, the Americans have done more for other peo-

ple of the world willingly, happily, even gratefully, than any other nation of people in the history of mankind.

So I do not back away from my support of this legislation one whit. In the face of this tremendous record of accomplishment in fact I can support it even more strongly as we look into the days ahead and realize what we as Americans will be called upon to sacrifice in order to preserve for our children the heritage which we have for ourselves.

There is one particular section of the bill to which I would like to address myself, for I believe it stresses very well an issue in which we are all interested, and that is assistance which we can give to the private sector of business in helping other people to help themselves. I refer specifically to section 103(a)(2) of the bill which deals with the problems of all-risk guarantees. I think the guarantee program, while slow in getting generated, is one of the best things that we will have done in this type of act in making it possible for our people to invest money in the lesser developed countries of the world, to build up their economies, allow our people to make a profit, and accomplish many things at the same time with the least amount of cost involved. This is where the all-risk guarantee section comes in which we wrote into the act.

Mr. MONAGAN. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield.

Mr. MONAGAN. Is it not true that other countries of the free world are making guarantees of this type to their nationals?

Mr. FASCELL. Yes, it is.

Mr. MONAGAN. Particularly in Latin American areas?

Mr. FASCELL. I thank the gentleman for making that observation. This is exactly the point I am referring to in this all-risk enlargement that deals with housing, but specifically that section dealing with Latin America in the field of housing. Basically what we did was this.

Under the risk guarantee we could guarantee up to 75 percent of the investment. What the committee did was to enlarge that guarantee with respect to housing so as to make it 100 percent. The facts of life are these: We have all types of building contractors who would like to go to Latin America, who would like to put their talents to use, who would like to make money there and do something for the people in those countries, but they cannot get into those countries because they need guarantees for their loan money and they have not got that right now. No banking institution is going to go in on a 75-percent guarantee when they can lend the money in the United States on a 100-percent guarantee. In order to accomplish that which we all agreed on, the thing for us to do, therefore, is to enlarge this guarantee so as to make it possible for our institutional lenders to be protected so that they may construct houses in Latin America in the private sector of this program.

Mr. MORGAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 11921) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, had come to no resolution thereon.

ADJOURNMENT UNTIL WEDNESDAY

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

FOURTH OF JULY IN SOUTH DEERING

(Mr. O'HARA of Illinois asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. O'HARA of Illinois. Mr. Speaker, I have returned from my district on the South Side of Chicago with a renewed and intensified faith in the future of our Republic.

Never have I witnessed a more moving, compelling, and convincing demonstration of patriotism, in the mold of old-fashioned Americanism and in the spirit of the Declaration of Independence, than when on the night of July 4, 1962—the 186th anniversary of the Declaration of Independence—60,000 persons—men, women, and children—stood under the stars at Trumbull Park and with one mighty voice took the same pledge that united the Members of the Continental Congress that passed the Declaration of Independence and of the signers of that imperishable document.

We pledge to each other—

Came from the voices of 60,000 Americans of today reaffirming in their generation the pledge of our forefathers of 1776—then a pause, and again 60,000 voices joined in completing the pledge of our forefathers—

our fortunes, our lives, and our sacred honor.

That, Mr. Speaker, was the pledge that bound together the immortal fathers of our Republic. At the very commencement of their great undertaking, and fully realizing that failure would mean the forfeiture of their fortunes and doubtless the loss of their lives, they took this pledge to each other, the pledge of their fortunes and their lives and their sacred honor.

On July 4 of this year there in Trumbull Park at perhaps the largest Fourth of July celebration in Illinois and one of the largest in the Nation, this mighty gathering of 60,000 present-day Americans in unison took the same pledge. It was an occasion the memory of which will live with all who participated.

Mr. Speaker, I respectfully would suggest to committees, nationwide, planning local Fourth of July celebrations, that this great gathering at Trumbull Park may well have established a pattern of mass participation in the annual observances of our Nation's birthday.

In our generation is the same challenge to sacrifice and suffering, if necessary, to preserve our national heritage and to keep our country always clean and strong to perform its mission under God for all mankind.

In all the generations that shall follow there will be the same challenge. What a wonderful and inspiring custom if always through the years and through the centuries as Americans gather to celebrate our Independence Day they would join, as did the gathering in Trumbull Park, in pledging to each other their fortunes, their lives, and their sacred honor ever to keep America clean and strong to fulfill its mission under God for all mankind.

Mr. Speaker, the South Deering Improvement Association is doing an effective job in building in its community the spirit of patriotism and of friendliness in working together as teammates in the great adventures of life. It works the year round bringing people together, providing recreation and wholesome interests for the young and the old, and on the Fourth of July it devotes the entire day to a long program of events, beginning with the imposing and inspiring parade in the morning and the speaking and the fireworks in the evening that has won for it a national recognition.

Not only the great South Side of Chicago, which directly benefits, but all the Nation, to which the South Deering Improvement Association furnishes a pattern for patriotic endeavor, owes a debt of gratitude and of appreciation to Louis Dinnozenzo, president of the association, Patrick J. Allman, its attorney, Joseph Grande, general chairman of the Fourth of July celebration, Alderman Emil V. Pacini, and all the others who cheerfully gave countless hours and days to the good work of this fine association.

Also present and contributing mightily to the success of this memorable Fourth of July celebration were the Reverend Michael J. Commins, pastor of St. Kevin's Church, the Reverend William Vernon, pastor of the South Deering Community Church, Judge Felix Buoscio, Alderman Dominic Lupo, State Senator Daniel Dougherty, State Representative Henry Lenard, State Representative Nick Svalina, State Representative Augie Ruf, and Sanitary District Trustee John Henneberger.

YOUTH CONSERVATION CORPS PROGRAM

(Mr. PERKINS asked and was given permission to address the House for 1 minute and to include extraneous matter.)

Mr. PERKINS. Mr. Speaker, both the Department of Agriculture and the Department of Interior will actively participate in the conservation work and programs to be carried out through the Youth Conservation Corps created by H.R. 10682 now pending before the Rules Committee. Some Members have asked why one of these agencies should not be given the primary responsibility for the administration of the corps. In this regard I would like to have inserted in the RECORD at this point letters that I have received recently from the Secretary of Agriculture and the Secretary of the Interior.

The letters referred to follow:

THE SECRETARY OF THE INTERIOR,
Washington, D.C., June 27, 1962.

Hon. CARL D. PERKINS,
House of Representatives,
Washington, D.C.

DEAR CARL: It has been brought to my attention that a number of Congressmen would like to see the Youth Conservation Corps program housed in either Agriculture or Interior.

As the primary natural resources agency of the Federal Government, the Department of the Interior has five of its bureaus prepared to participate in this program—the Bureau of Land Management, the National Park Service, the Fish and Wildlife Service, the Bureau of Indian Affairs, and the Bureau of Reclamation. Detailed plans have been formulated by these bureaus on camp location and project work in reforestation, range revegetation, park and recreational area facilities, wildlife refuge habitat, and a wide variety of other conservation improvements. I have been informed that the Forest Service will be the principal U.S. Department of Agriculture agency involved. It is our understanding that the Department of the Interior and the Department of Agriculture will carry out direct responsibility for field management and supervision of the corps under delegation of authority from the Secretary of Labor.

I feel, however, that the responsibility for initial coordination should remain with Labor, as your bill now states.

Both recruitment and processing of the youngsters for this program will be conducted primarily by State employment agencies. The Department of Labor enjoys a working relationship with these agencies which makes them the logical aegis for coordinating the program.

The proposed bill establishes a Youth Conservation Commission (title I, secs. 5 and 6) which will be comprised of representatives of Agriculture, Health, Education, and Welfare, and Interior, and chaired by the Director of the Youth Conservation Corps. It will become the function of this Commission, I understand, to develop policies which will guide the program and its administration. Moreover, it will satisfy the need for coordination among the Departments involved.

It is, I feel, in the interest of economy and efficiency in administration that existing machinery be utilized to its fullest extent. Therefore, cognizant of the employment phases of this program, which by their very nature are closely related to the labor field, I recommend that the Director of the Youth Conservation Corps, as general coordinator to administer the program under the policy guidelines set by the Youth Conservation Commission, be attached to Labor.

Sincerely,

STEWART L. UDALL,
Secretary of the Interior.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., June 19, 1962.

Hon. CARL PERKINS,
House of Representatives.

DEAR MR. PERKINS: It has been brought to my attention that some folks feel the Youth Conservation Corps should be placed in the Department of Agriculture or the Department of the Interior rather than in the Department of Labor. It is my considered view that the Youth Conservation Corps should be administered by the Department of Labor, as proposed in H.R. 10682 and recommended in the report on H.R. 10682 by the House Committee on Education and Labor. It is significant that the old CCC, as noted in the committee report, was operated by an independent agency and not by either of the Departments having conservation agencies. The proposal that the Youth Conservation Corps be established in the Department of Labor also provides that the governing body will be the Youth Conservation Commission. This Commission will consist of four members and be chaired by the Director of the Corps, a Presidential appointee. The other three members will be representatives of the Departments of Agriculture, Interior, and Health, Education, and Welfare.

The enrollee camps will be under the direct supervision of the conservation agencies for which the work is to be performed. Where the work is on State lands, under terms of the bill, the State agency will supervise the camps. The same conservation agencies will direct the work. I believe such arrangements provide a simple administrative machinery which will insure adequate autonomy and control by men who have spent their whole working lives in conservation work.

I believe the Department of Labor is the proper agency to administer the Youth Conservation Corps because it is the most suitable Department to handle the problems of enrollee selection and is also best able to advise young men about employment opportunities upon return from their assignments. The main purpose of the Youth Conservation Corps is that its enrollees can be trained for and aided in finding regular employment. The Department of Labor, through its contacts with the State employment services, is in a uniquely good position to relate the capacities of enrollee applicants to the job and to advise intelligently the kinds of experience and training needed by the enrollees to help them find jobs when they return home.

The vast backlog of conservation work available for Youth Conservation Corps enrollees is distributed among the conservation agencies of both the Departments. For this reason, it is not logical to select either of them to administer the Youth Conservation Corps. We believe the administrative structure of the Youth Conservation Corps proposed in H.R. 10682 represents a sound and workable device for an agency which must necessarily depend upon the cooperative activity of four Departments of the Federal Government.

Sincerely yours,

ORVILLE L. FREEMAN,
Secretary.

WILLIAM FAULKNER

(Mr. SMITH of Mississippi asked and was given permission to extend his remarks at this point in the RECORD and include newspaper articles.)

Mr. SMITH of Mississippi. Mr. Speaker, death came Friday to the man who was Mississippi's greatest contribution to our country and to the world. Most citizens regarded him as the outstanding living novelist, and many regarded him as the greatest novelist of our century. Our State, our Nation, and the world have sustained an irreparable loss.

William Faulkner's most successful locale was always Mississippi, but he told a story of man's struggle for survival that overshadowed the pain and comedy, the triumph and tragedy of the South. Histories were symbolic of man's struggle the world over, and that is why he was widely read throughout the world.

Yoknapatawpha County, Miss., for future generations yet unborn, will be as familiar as the England of Charles Dickens, the France of Marcel Proust, and the Russia of Leo Tolstoy.

William Faulkner was a quiet, shy man, who instinctively withdrew from the glare of publicity that gathered around him. He liked best to regard himself as a traditional southern gentleman, aware of the shortcomings of our region and proud of its heritage.

The man whose immortal thesis in accepting the Nobel Prize at Stockholm, "I decline to accept the end of man," had an immediate and important message to intellectuals throughout the world. He undertook several missions, to South America and Japan, for our cultural exchange program, and his efforts were of great value.

Mr. Speaker, 11 years ago I had the honor of placing Mr. Faulkner's Stockholm speech in the CONGRESSIONAL RECORD. Under unanimous consent, I include it again, together with President Kennedy's tribute, and obituaries and appreciations from the New York Times, the London Times, the Manchester Guardian, and Le Monde, of Paris, as well as tributes by Endora Welty and Maurice Doblier:

NOBEL TEXT—AUTHOR BACKED OLD VERITIES

(On the presentation of the Nobel Prize for Literature to him in December, 1950, William Faulkner delivered a widely hailed speech on writing and the dignity of man)

I feel that this award was not made to me as a man, but to my work—a life's work in the agony and sweat of the human spirit, not for glory and least of all for profit, but to create out of the materials of the human spirit something which did not exist before. So this award is only mine in trust. It will not be difficult to find a dedication for the money part of it commensurate with the purpose and significance of its origin.

But I would like to do the same with the acclaim, too, by using this moment as a pinnacle from which I might be listened to by the young men and women already dedicated to the same anguish and travail, among whom is already that one who will some day stand here where I am standing.

Our tragedy today is a general and universal physical fear so long sustained by now that we can even bear it. There are no longer problems of the spirit. There is only the question: When will I be blown up? Because of this the young man or woman writing today has forgotten the problems of the human heart in conflict with itself, which alone can make good writing because only that is

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For information only; should not be quoted or cited)

Issued July 12, 1962
For actions of July 11, 1962
87th-2d, No. 117

CONTENTS

Appropriations.....8,19
Area redevelopment.....43
Contracts.....18
Cotton.....9,30
Credit.....23
Dairy products.....36
Disaster relief.....47
Economy.....28
Electrification...4,34,52
Farm program.....27
Finance.....23
Fisheries.....17
Food.....22
Foreign affairs.....24
Foreign agriculture....33
Foreign aid.....1,31
Foreign trade.....2,26
Forestry.....3,42
GAO.....9
Inspection.....45
Interest rates.....23
Intergovernmental relations.....14
Labor standards.....18
Land classification.....21
Land conveyance.....46
Land-grant colleges.....10
Loans.....15
Lumber.....42
Manpower.....19
Medical care.....20,29
Migratory labor.....13
National park.....38
National parkway.....25
Oysters.....15
Patents.....6,50
Personnel.....39,48
Pest Control.....32
Prices.....37
Public debt.....51
Public Law 480.....41
Public welfare.....20,29
Research.....11,45
Retirement.....39,48
Roads.....5,25,35
School lunch.....49
Small business.....7
Small farms.....1
Stockpiling.....53
Surplus commodities.....41
Surplus grain.....22
Textiles.....30
Tobacco allotments.....44
Trade fairs.....43
Transportation.....16
Watersheds.....12
Wheat.....40

HIGHLIGHTS: House debated foreign aid bill. Rep. Cooley expressed concern over effect of European Common Market on domestic agriculture. Rep. Kornegar urged two-price cotton program for domestic textile industry. Rep. Westland urged relief for Northwest lumber industry. Rep. Clem Miller introduced and discussed bill to permit use of lumber tariff revenues for research.

HOUSE

1. FOREIGN AID. Continued debate on H. R. 11921, the foreign aid authorization bill. pp. 12217-72, 12285, 12285-6

Agreed to the following amendments:

By Rep. Wright, to express the sense of Congress that in providing foreign assistance priority should be given to certain programs, including loans or loan guarantees for the purchase of small farms. pp. 12237-9

By Rep. Halpern, to express the sense of Congress that in providing foreign assistance primary consideration should be given to countries that do not divert their economic resources to Communist military or propaganda efforts directed against the U. S. and its allies. pp. 12239-40

By Rep. Gross, 124 to 112, to provide that appropriated funds may not be used for loans or grants to the United Nations until all members of the U. N. have paid their full share of the expenses of that organization. pp. 12255-6

Rejected the following amendments:

By Rep. Gross, to strike out a provision authorizing the President to furnish assistance on such terms and conditions as he determines to promote the economic development of Latin American countries. p. 12246

By Rep. Jones, Mo., to provide that the U. S. contribution to any special or cooperative fund of any international organization or program may not exceed 50 percent of the total amount contributed for such purpose. p. 12255

2. FOREIGN TRADE. Rep. Cooley expressed concern over the possible effects of the European Common Market on domestic agriculture and inserted an address by the Deputy Assistant Secretary for Trade Policy, Department of Commerce,"United States Agriculture and the European Common Market." pp. 12280-3

Rep. Kornegay inserted and commended an editorial stating "Now that the House has passed President Kennedy's trade bill, there is even less reason why the U. S. Tariff Commission should hold up on relieving the American textile industry of the ridiculous burden on two-price cotton." pp. 12297-8

Rep. Lane commended the President's proposed foreign trade bill and inserted an editorial, "Toward Freer Trade." p. 12276

3. FORESTRY. Rep. Westland expressed concern over decreasing shipments of lumber from the Northwest to the Atlantic coast and urged repeal of the law "which prevents our shippers from using foreign bottoms." p. 12277

4. ELECTRIFICATION. Rep. Saylor criticized efforts to revive "the multimillion-dollar Hanford electric steamplant boondoggle." pp. 12319-20

5. ROADS. The Rules Committee reported a resolution for consideration of H. R. 12135, the proposed Federal-Aid Highway Act of 1962. p. 12321

6. PATENTS. The Rules Committee reported a resolution for consideration of H. R. 10966, to fix the fees payable to the Patent Office. p. 12321

7. SMALL BUSINESS. The "Daily Digest" states that conferees agreed to file a conference report on S. 2970, to increase the revolving fund of the Small Business Administration. p. D575

8. APPROPRIATIONS. Rep. Joelson urged an end to the appropriations dispute between the Appropriations Committees. p. 12216

9. COTTON; GAO. Rep. Patman commended the service of Joseph Campbell, Comptroller General of the U. S., and inserted an article discussing GAO investigations, including the sale of surplus cotton. pp. 12279-80

10. LAND-GRANT COLLEGES. Rep. Curtis commended the land-grant colleges on their 100th anniversary. p. 12295

11. RESEARCH. Received from Interior its annual report on grants made during calendar year 1961 to nonprofit institutions and organizations for support of scientific research programs. p. 12320

12. WATERSHEDS. Received from Budget Bureau plans for works of improvement on the following watersheds: South Sumter upper Tampa Bay, Fla.; Line Creek, Ky., and Tenn.; North Branch Mill Creek, Mich.: Nanticoke Creek, N. Y.; Dicks Creek, Little Muddy Creek, Ohio; Bajura, P. R.; and Kent Creek, Tex. (to Agriculture

minute and to revise and extend his remarks.)

Mr. ALBERT. Mr. Speaker, last evening the first joint public and private space venture roared off the launching pad to the successful orbiting of the Telstar space communications satellite.

Yesterday evening I am sure millions of Americans felt their heart swell with pride as mine did when the American flag appeared on their television sets and the national anthem played—both being relayed back to earth by the Telstar satellite.

Word was soon received that France was picking up the same telcvision program that we here in America were viewing. Later Great Britain joined the United States and France. A new age commenced in the field of world communications.

Mr. Speaker, the prospect of transatlantic television is only the latest in a series of recent events which point to the resurgence of Western initiative and the strengthening of bonds within the free world. This year began by the European Common Market passing the point of no return by its adoption of a common farm policy. The year progressed as Great Britain commenced serious negotiations to join its European neighbors in a common future. Soviet and Chinese farm failures came to light while Russia, China, and Albania drove rifts in Communist solidarity, all to the enhancement of the free world's prestige. Last month this House swept onto the world stage a new philosophy of free world trade by its passage of the Trade Expansion Act. Yesterday the vision appeared that men everywhere may soon become acquainted in their own living rooms through the medium of global television.

Mr. Speaker, the cold war continues, but without its familiar staleness. The prospect exists to make of the world's free nations a family of nations. Already, on at least two occasions during this session of Congress, we have had an opportunity to further this end—by our passage of the Communications Satellite Act and the Trade Expansion Act. Today, we have another opportunity as we begin voting on the foreign aid bill.

I am entirely confident, Mr. Speaker, that this House will pass this bill and maintain our initiative in the battle to make the world free.

Yesterday, we dramatized to the world the benefits of Western civilization by the commencement of world television. Today, we must not lose our ingenuity by failing to exploit our advantages.

COMMITTEE ON RULES

Mr. BOLLING. Mr. Speaker, I ask unanimous consent that the Committee on Rules have until midnight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

SPECIAL REQUEST

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent in view of the fact that I brought to the attention of the House the death of a former Member, that my remarks may precede the other remarks thus far made in the House today.

The SPEAKER. Without objection, it is so ordered.

The Chair is glad the gentleman made the request, and may the Chair suggest to Members when they are announcing the death of a former Member that they advise the Chair since the Chair would like to recognize them first, as soon as possible after the House meets, so that they could be the first Member to be recognized by the Chair.

ACTIVITIES AND ACCOMPLISHMENTS OF NATIONAL AERONAUTICS AND SPACE ADMINISTRATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 468)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, together with accompanying papers, referred to the Committee on Science and Astronautics and ordered to be printed with illustrations.

To the Congress of the United States:

Pursuant to the provisions of the National Aeronautics and Space Act of 1958, as amended, I transmit herewith a report on the activities and accomplishments of the National Aeronautics and Space Administration for the period of October 1, 1960, through June 30, 1961. This is the fifth of these reports since the passage of the legislation establishing that agency, and supplements, in more detail, my annual report of January 31, 1962, which covered some of the same time period and reported on all agencies with responsibilities in the national effort in aeronautics and space.

Since the period covered by this report, the National Aeronautics and Space Administration, in cooperation with other agencies of the Government, has made substantial strides toward meeting our new and more ambitious aeronautics and space goals. This noteworthy progress, supported by the Congress, contributed to American leadership in many significant aspects in space accomplishments and has laid substantial foundation for greater successes in the future.

JOHN F. KENNEDY.

THE WHITE HOUSE, *July 11, 1962.*

CALL OF THE HOUSE

Mr. HALEY. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 150]

Alford	Hardy	Shelley
Bennett, Mich.	Hoffman, Mich.	Shipley
Blitch	Holifield	Short
Boggs	Horan	Slack
Boykin	Ichord, Mo.	Smith, Miss.
Celler	Kearns	Spence
Coad	Kowalski	Taber
Collier	McSween	Thompson, La.
Curtis, Mass.	Peterson	Thornberry
Davis, Tenn.	Pfost	Tollefson
Diggs	Powell	Utt
Dingell	Riley	Yates
Flood	Roberts, Ala.	Zelenko
Frazier	Rostenkowski	
Gray	Saund	

The SPEAKER. On this rollcall, 391 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FOREIGN ASSISTANCE ACT OF 1962

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 11921) to amend further the Foreign Assistance Act of 1962, as amended, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 11921, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on Monday, July 9, 1962, the gentleman from Pennsylvania [Mr. MORGAN] had 47 minutes remaining and the gentlewoman from Ohio [Mrs. BOLTON] had 36 minutes remaining.

The Chair recognizes the gentleman from Pennsylvania [Mr. MORGAN].

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. ZABLOCKI].

(Mr. ZABLOCKI asked and was given permission to revise and extend his remarks.)

Mr. ZABLOCKI. Mr. Chairman, I rise in support of the Foreign Assistance Act of 1962.

This legislation has been considered at length by the Committee on Foreign Affairs. Each Executive request was reviewed thoroughly, revised where necessary and approved when considered by the committee to be consistent with our national security and interests.

As was stated by our eminent committee chairman, the gentleman from Pennsylvania, the total authorization for fiscal 1963 requested by the Executive was reduced by $210 million. In addition, the committee cut the authorization for the Alliance for Progress by $600 million. In all, the President's request for new authorization was reduced by $810 million.

I am mentioning these cuts to show that the Committee on Foreign Affairs

has tried to pare this program to the bone. The committee does not grant an authorization simply because the request is advanced urgently by the Executive.

In spite of these cuts, the committee is overwhelmingly of the opinion that the foreign aid program—as proposed to be authorized for the coming year—is of vital importance to the security of our Nation and to the attainment of our foreign policy objectives.

Mr. Chairman, in the short time allotted to me I wish to address myself to the criticisms and arguments in opposition to this legislation. There are those, for example, who ask why our present foreign assistance programs are not tailored to the Marshall plan type of aid. Some of those who ask this question were among those who were opposed to the Marshall plan when that initial step in economic assistance was first proposed. But the tremendous success of that program has caused skeptics to change their tune. It is ironic that those who said "Why have a Marshall plan?" back in 1947 are often the same persons who today are saying, "Why not have a Marshall plan type of assistance now?" The answer is clear. Marshall plan aid was tailored to assist in the reconstruction of developed countries, ravaged by war. The present foreign aid program, the Act for International Development, is tailored to first, helping underdeveloped countries; second, providing means by which we, in cooperation with our allies, can find the best methods to assist and aid the nations which have joined together in opposition to international aggression; and third, winning the cold war.

Opponents of this program often contend, for instance, that since the end of World War II, we have spent close to $100 billion on foreign aid, and that most of that money "has been poured down the ratholes of the world."

What are the facts of the case?

To begin, it is true that our foreign aid expenditures from 1946 through 1961 amounted to some $90 billion. This is, however, less than 1 percent of our gross national product over this same period. I would like to break down and identify for what programs the $90 billion of foreign assistance was expended. Roughly it can be classified into three categories.

MILITARY AID

Of this total, one-third—or approximately $30 billion—was spent on military assistance: to build up the defenses of Western Europe against Russian aggression prior to the time when those free nations could afford their own military expenditures, to follow up on the Marshall plan economic aid, to help crush Communist subversion in Europe, to arm the Greeks and the Turks in their struggle to maintain independence, and to provide military assistance to South Korea, Vietnam, Nationalist China, and other allies.

Is money spent on the collective defense of the free world money poured down a rathole? I do not believe so.

It is true, of course, that some of that money may have been wasted. As a matter of fact, some of the most glaring abuses in the administration of the foreign aid program have been found in the military part of that undertaking. But just so that we may keep a sense of proportion about the problem of waste, I would like to point out that we have also wasted millions of dollars on our own Defense Department expenditures: on work stoppages at missile and other military bases; on exorbitant profits allowed certain defense manufacturers; on inadequate budgetary controls, inefficient procurement, duplication and other abuses; on the production of military hardware which becomes obsolete the minute it comes off the production line; on research and development which does not result in workable defense projects; and in many other ways.

No one likes waste—not any of us have ever condoned it either at home or abroad. I have fought waste in Government expenditures ever since my first election to public office, and I will continue to fight it. I do not believe, however, that we should condemn a whole program because it had suffered from shortcomings.

We must, of course, continue in our effort to eliminate all waste from the foreign military aid program. But we must also remember that, with the help of that program, the free world has been able to build an armor of defenses around the periphery of the Communist empire—stretching from Korea in the Far East, through southeast Asia and the Middle East, to the northwest reaches of Europe in the West.

This network of free world defenses has been vitally instrumental in discouraging overt Communist aggression, and in preserving the integrity of the independent nations of the free world.

We must also remember that, during the past 15 years, we have spent $555 billion for our own Department of Defense expenditures—an amount 18 times as large as the sum of our foreign military aid. And I doubt that we have gotten 18 times as much security out of those expenditures as we have received for our foreign military aid program.

FOOD AND RELIEF

Approximately another third of $30 billion of our foreign assistance has been spent on immediate post-World War II hunger relief; on Public Law 480 foodstuffs to help fight hunger on which communism thrives; and on Export-Import Bank loans for commercial-type projects which will be repaid in dollars.

The Public Law 480 program, while providing a method of sharing our farm surpluses with other nations, has also furnished a major basis for underwriting the prosperity of the American farmer.

Would the critics of our foreign aid program prefer to have seen our abundant crops plowed under? Or burned? Consumed by vermin? Or dumped into the sea? Or have the unused food pile up, increasing the already heavy storage costs?

ECONOMIC RECOVERY AND DEVELOPMENT

The remaining $30 billion has been spent on direct economic assistance. One-half of it—$15 billion—went into the Marshall plan for the economic recovery of Western Europe. Of the remainder, only about $3 billion has been allocated for economic development of the underdeveloped countries in the form of development loans and technical assistance.

We should note that much of this $30 billion—as well as much of the $60 billion I have been talking about previously—was spent right here in the United States.

In the process of helping other free nations, our foreign aid program also helped to create jobs for Americans and to stimulate our own economic growth.

WHAT HAS THE PROGRAM ACHIEVED?

What has this program achieved? Has it been a failure, as some critics contend?

I do not believe so.

Let us, for instance, look at Western Europe. Has the Marshall plan failed? One look at the prosperity, and continuing independence, of the nations of Western Europe is convincing that the Marshall plan has been a notable success.

And what about the rest of the world?

It does not require any special genius to see that our foreign aid program has been instrumental in stopping the march of communism.

Greece, Turkey, and Iran are free today—largely because of our help.

South Korea, South Vietnam, and many other countries on the borders of the Communist empire have not been drawn behind the Iron Curtain.

And of the 40-some new countries that have come into being since World War II, not one has succumbed to communism in spite of the heavy flow of Soviet agents, infiltrators, and rubles.

These are concrete, positive achievements. And our aid has helped to produce them.

In my opinion the most vital provisions of this legislation are those which are most controversial; that is, the authorization for the Alliance for Progress and the allocation to the President of discretionary authority to deal with communism in Communist-dominated countries.

First, let us consider the Alliance for Progress. On March 13, 1961, in proposing this program for Latin America, President Kennedy stated its purpose would be—

> To demonstrate * * * that man's unsatisfied aspirations for economic progress and social justice can best be achieved by freemen working within a framework of democratic institutions.

This is a noble and, insofar as Latin America is concerned, an urgent purpose. To achieve it, we have committed during the first year of the Alliance's existence, U.S. assistance amounting to slightly over $1 billion. This aid came from several sources. It consisted of loans and grants authorized by the Mutual Security Act, by the Foreign Assistance Act of 1961 and by the 1960 Latin American economic development legislation. It also consisted of credits extended by the Export-Import Bank, of food-for-peace programs, and of other U.S. efforts.

WHY A SEPARATE TITLE FOR THE ALLIANCE FOR PROGRESS?

A question may be asked at this point: "Why a separate title for the Alliance for Progress? Can't the assistance be extended to the Alliance under the development grants and development loans provisions of the existing law?"

The answer is, "Yes, we can provide aid and support the Alliance for Progress under the law presently in effect."

The President believes, however, that it is important to highlight this historic undertaking, and to set it somewhat apart from the remainder of our foreign aid program.

The Alliance for Progress, in the President's view, should have its own statutory foundation and framework.

The Committee on Foreign Affairs has given this matter careful and thorough study. While cutting down the President's authorization request, the committee has agreed with him that the Alliance for Progress should have its own statutory framework.

That is the reason for the inclusion of section 105 in the bill before the House.

ALLIANCE FOR PROGRESS A LONG-TERM UNDERTAKING

One of the factors which influenced the committee's decision is the fact that the Alliance for Progress promises to be a long-term undertaking: long term in the sense that its objectives—social justice, economic development and political democracy for all the people of Latin America—will not be attained overnight.

POWER TO DEAL WITH COMMUNIST-DOMINATED COUNTRIES

In considering the question of giving the President discretionary power to deal with Communist-dominated countries when it is in the national interest to do so, let us remember that we are in a global, unrelenting struggle with communism. We are trying to defeat them while protecting our own security. We cannot fight effectively if we are going to tie one hand behind our back, draw a circle around the Communist-dominated countries, and in effect say to the Soviet Union: "This is your area. You can keep it. We are writing off these people. We are not going to do anything to make it hard for you to communize them. You do what you want to with them. We are not going to have anything to do with them."

Mr. Chairman, unfortunately too few people have given sufficient thought to the problem of our relations with the Communist-dominated countries. Those who have considered this problem objectively will not disagree with what I have said. The conclusions are pertinent and logical. They apply especially to countries such as Poland, whose people are living under communist domination through no fault of their own.

I was in Poland last year, for the first time in my life. I traveled some 2,000 miles in that country by automobile. I spoke to many people on farms, in villages, in towns and cities. I spoke to workers, to shopkeepers, to civil employees and officials of the regime.

I came away from Poland convinced that assistance extended to that country during recent years has benefited the subjected Polish people. It has helped maintain a bond of friendship between the people of Poland and the people of the United States. At the same time, it has tended to lessen Poland's dependence on her Communist neighbors.

I believe these developments are in the interest of the United States and helpful to the attainment of our foreign policy objectives.

NEUTRALIZING YUGOSLAVIA

In the instance of Yugoslavia, we need not be reminded of the opportunities which the free world received through the break between Yugoslavia and Russia. Because of Tito's support of a course independent of Moscow, the United States and our allies gained significant political and strategic advantages. Soviet power was rolled back from the Adriatic Sea and from Italy's northeastern border. Austria's southern boundary was freed of Soviet control. Greece was saved from Communist overthrow when Yugoslavia closed its borders to Red guerillas. The explosive Trieste question was quieted.

We know of these strategic advantages, but have we considered the strategic disadvantages which might befall us should Yugoslavia be thrust back into the Communist camp? Have we thought through the consequences should Yugoslavia join the Warsaw Pact, perhaps because of rejection by the West? It is my belief that the aid we might give to Tito is small cost indeed to neutralize Tito's 32 divisions. When we consider the strategic position of Yugoslavia in Europe, its common borders with Austria, Italy, and Greece, it becomes evident that keeping Yugoslavia nonhostile to the West is eminently desirable. Whatever the United States might give in assistance to Yugoslavia in order to keep that country nonhostile would be an insignificant amount compared to maintaining adequate defenses in Europe against an aggressive and antagonistic Yugoslavia.

There have been many complaints that aid given to Yugoslavia for over a decade have not resulted in significant moves away from basic Communist doctrine. That is true. But on the other hand, one does not learn to swim within a certain number of lessons. For 1 individual it might take 2 lessons, for another 15. If the Yugoslavs have not yet become convinced by our aid that communism is bankrupt as an economic and political philosophy and that democracy and free enterprise is the true way of man, let us not be impatient.

Perhaps one or two more lessons in U.S. assistance will teach that country to swim, as it were, with the free nations of the world. To stop trying to teach Yugoslavia at this point is, in my opinion, a step backward in the foreign policy that we have maintained through two Democratic and one Republican administration.

FOREIGN AID PROGRAM IMPORTANT TO THE FUTURE OF FREEDOM

Mr. Chairman, I do not believe that any impartial observer of the history of our time, and of the history of our foreign assistance program, can deny the unprecedented accomplishments of our foreign aid program.

Our aid program on an overall basis has been—and continues to be—effective and successful.

Mr. Chairman, it is the declared objective of our foreign policy to help create a world of stable, free, and independent countries, willing and able to meet their own problems in peace and freedom.

The foreign aid program as authorized in this bill before us today is a vital, integral arm of that policy. It is important to the cause of peace and freedom in the world. It deserves the support of the American people, and of the Congress.

I earnestly urge prompt and overwhelming House approval of H.R. 11921.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield such time as he may consume to the gentleman from Connecticut [Mr. SEELY-BROWN].

(Mr. SEELY-BROWN asked and was given permission to revise and extend his remarks.)

Mr. SEELY-BROWN. Mr. Chairman, this Congress is going to pass this year a foreign aid bill as this Congress and its predecessors have done each year beginning in 1947.

I hope that it will be the bill, H.R. 11921, in substantially the form in which we now are considering it, because in my judgment and that of most of my colleagues on the Committee on Foreign Affairs it represents another step forward along the path down which we started last year. It is a bill which implements the constructive changes recommended by the committee as a result of its investigations into the details of the worldwide mutual security and foreign assistance program.

This bill introduces a number of improvements in foreign aid procedures, particularly tightening up on the obligation and hoarding of funds. Much has been done to prevent waste and the appropriation and expenditure of funds unnecessarily. Much remains to be done, but since most of the people of this country are agreed that a mutual security program is essential in order to win the cold war, we are able to assure the taxpayers of this country that they are getting a better bargain in foreign aid.

In spite of the progress which has been made by the committee and its staff in riding herd on this program, waste has not yet been entirely eliminated. Continuous and close scrutiny of foreign assistance operations must be maintained, and the Committee on Foreign Affairs, including its members on both sides of the aisle, can be depended upon not to relax its vigilance in this direction.

Nearly every Member of this House, Mr. Chairman, is aware of the fact that the people of his district, and of every district in the country, approve to an overwhelming degree the general principles of our cold war strategy, which has been carried forward under three Presidents. Mutual security programs

and military and economic assistance to friendly nations are an important part of this strategy.

Every poll which has been taken, so far as I know, supports this conclusion. Every election in which mutual security has been an issue has brought a decision which affirmed it.

It is apparent that the people of the United States recognize that winning the cold war is the only acceptable solution to the problems which we face. They are ready to pay whatever costs and make whatever sacrifices are necessary. There is no politics in this. It is good Americanism. It is good protection. It is humanitarianism, on a global scale. It is the best insurance for peace in the world.

It is proposed in this bill to spend the money which we provide for foreign assistance more wisely, indeed, more frugally. It is proposed to establish and to extend procedures under which it is hoped and believed that each year the taxpayers will be able to expect an increasingly better bargain in their foreign aid expenditures.

Last year, Mr. Chairman, the President sent to Congress a program for foreign assistance in which he asked the representatives of the people to provide him with a blank check for expenditures covering a period of 5 years, and authorizing the spenders for foreign aid to tap the Treasury almost at will within the confines of the blanket authorization.

Congress would not buy that proposal. We recognized the validity and the economy of long-term commitments. In the Foreign Assistance Act of 1961, however, there was no blank check. Congress provided that, in foreign aid, as in the other departments of the Government, we would continue to operate as we have in the past, with appropriations made year by year under the provisions of long-term obligations, if needed, but, in any event, only after review by Congress of the fiscal health of the continuing programs.

It was a vitally important policy decision. Experience even in 1 year has proven that it was a wise one.

The bill now before us authorizes additional funds for carrying forward the foreign assistance program and contains a number of amendments to the Foreign Assistance Act of 1961 and to certain other laws for the purpose of improving the effectiveness of the program. H.R. 11921 authorizes additional appropriations of almost $2 billion—actually $1,914,400,000—for the coming, or rather the now current fiscal year, also $600 million for the Alliance for Progress for the fiscal years of 1964, 1965, and 1966.

Of the total appropriation of $4,878,500,000 requested by the President and contained in this bill, $2,753,100,000 was authorized by the Congress last year.

There are unexpended balances for the fiscal year just closed which are estimated, for military and nonmilitary uses, of $6.6 billion. These unexpended balances are available only to meet obligations already incurred. They are not available to move the program forward through the buying of more goods and services. New or unobligated funds in additional amounts would be required to achieve this.

There are other programs of foreign assistance at work, which are not covered in this legislation, nor are funds needed or requested in this bill. Examples of these are the Export-Import Bank and the sales of surplus agricultural commodities. These and all other foreign assistance programs have foreign policy objectives. But they do not take the place of the foreign aid program as defined in this bill and the existing laws which it amends and extends. In many cases they complement the foreign aid program dealt with here.

Considering the magnitude of the program and its worldwide scope, it seems to me that the fiscal side of the foreign aid program compares favorably with that of other Government agencies. In many cases it is decidedly better.

The foreign aid program, although contributing to the balance-of-payments problem, is not a decisive factor in this serious situation. The reason is that most expenditures for foreign aid are spent in the United States. Of the military assistance funds, 82 percent are spent in the United States. It is expected that 73 percent of economic aid funds will be spent in the United States. The Agency for International Development—AID—has set as its goal for the near future the expenditure of 80 percent of its funds directly in the United States.

Foreign aid procurement is established to the greatest possible degree in the United States. Procurement in the 19 principal industrial nations of the world, our competitors in world markets, is prohibited in all but a few special situations.

The statement has been made by some of those who do not favor this legislation that there is nothing new in the bill.

Actually, this is not a condemnation. It is an endorsement of the accelerating success of the program that was begun, by authorization of this Congress, last year.

The time has come now to take another step forward.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. HARSHA].

Mr. HARSHA. Mr. Chairman, I shall use this time to ask a few questions of the chairman of the Foreign Affairs Committee. I noticed yesterday in the Washington Daily News that Mexico will use new funds from this Alliance for Progress program to raise farm products to export to Cuba. As far as I can find there is nothing in this bill to prevent any of these countries we intend to aid from using the money to produce products and then trade or ship them to Cuba. Is that correct?

Mr. MORGAN. That is correct. There is no such limitation in this bill. If we help their agriculture it is difficult to limit what they do with the product.

Mr. HARSHA. In the committee was any consideration given to encouraging these countries who receive our aid or generosity to not use them to benefit Cuba directly, and to join with us in the embargo of Cuba?

Mr. MORGAN. Basically, most of the countries that receive assistance under this legislation to improve agricultural production use it to help feed the people of their own countries.

Mr. HARSHA. Further in the article I see that the $20 million loan is only a start, that it is to be at least $60 million, and that part of the money is to be used to clear off land that is now jungle, and also to construct a dam to irrigate land that is now arid, to raise corn and wheat, which is in such surplus in this country. I can hardly justify such action to my constituents.

Mr. MORGAN. The gentleman is relying on a news report. The result of the negotiations carried on between the two Presidents have not been announced as far as I know.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. CHAMBERLAIN].

(Mr. CHAMBERLAIN asked and was given permission to revise and extend his remarks.)

Mr. CHAMBERLAIN. Mr. Chairman, I have asked for this time to discuss briefly one aspect of our military assistance program which is most disturbing to me and which I feel should be brought to the attention of the Members of the House. I refer specifically to the procurement by the Department of the Army of Japanese manufactured vehicles for our southeast Asian allies. While I have had knowledge of the program for some time, I was surprised indeed to learn recently of the tremendous scope of this procurement. The director of the program has just advised me that 78,596 vehicles have been procured since 1957 at a total cost of $223,705,110 and I am further informed that this is not the end and that we are currently negotiating for the production and delivery of Japanese produced trucks during fiscal years 1963 and 1964.

Certainly there is nothing that can be done about the events which have transpired between 1957 and today. That is a bit of history. Nor do I feel that the course of this vehicle procurement program will be altered for fiscal years 1963 and 1964 because of my comments here today. Nonetheless, I feel that it is well that we reflect a bit about this program and whether or not its further extension under conditions as they exist today would be in the best interest of the United States.

In recent correspondence with the Director of our military assistance program and Army procurement authorities, I have been told that the initial decision to purchase vehicles in Japan was influenced by a variety of factors: That these vehicles were no longer in production in the United States; that the retooling in U.S. factories for this purpose would be excessive in cost; that certain transportation and supply problems would be created if U.S. trucks were procured; that Japanese manufacturers could produce these vehicles from 40 to 60 percent of the cost of manufacturing the same vehicles in the United States; and that U.S.-owned Japanese yen could be used to purchase these vehicles. From this correspondence, it was evident that the primary consideration was the alleged cost differential between Japanese-manufactured and U.S.-manufactured vehicles.

For example, I was told that a Japanese jeep could be purchased for $1,542 and that a U.S.-manufactured jeep would cost $3,103 delivered in Japan; that a 2½-ton truck could be purchased in Japan for $4,169, while a comparable U.S.-manufactured truck would cost $10,280 delivered in Japan. Without challenging these costs, I am confident that certain factors have not been considered and that we are, in fact, comparing noncomparable figures.

If we are to compare the cost of a truck we purchase in Japan with the cost of a truck manufactured in the United States, is it not fair to subtract from the U.S. cost the added tax revenues which the U.S.-produced truck would have sent to the U.S. Treasury? For instance, if a corporate manufacturer makes a profit of $100 on a vehicle, 52 percent of the profit—or $52—would accrue to the United States pursuant to our income-tax laws. Likewise, the same is true for all suppliers of raw material, subcontractors, and other economic activity generated by the manufacture of a truck here in the United States. In addition, all wages paid for labor are subject to income tax. This concept was clearly reflected in the President's own estimates with respect to the budget revisions he requested on March 24, 1961, in which he predicted that his new spending proposals—totaling some $2.3 billions—would create additional tax revenues of some $900 million or about 40 percent. Thus, in effect, every dollar that the Federal Government spends in the United States is supposed to yield about 40 cents in new tax revenues resulting in a real budget effect of only 60 cents of each dollar spent; whereas every dollar that the Government spends abroad—since it produces no new tax revenues—has a full $1 budget effect.

In this sense then, a U.S. truck priced at $10,000 actually costs the Federal Government only $6,000. This was recently confirmed for me by the staff of our Ways and Means Committee. Therefore, it is not only untrue, but unfair and misleading to say that the Japanese truck can, in fact, be acquired for half the price of a U.S.-manufactured truck. Yet, when I asked the Director of Military Assistance whether an estimate could be made of the amount the contract cost the U.S. vehicle should be reduced to reflect the income taxation accruing to the Federal Government by virtue of the production of such vehicle in the United States, I was told that the Director regretted "that the Department of Defense does not have the information to make the comparison" I suggested. It seems incredible to me that such a comparison has not been part of these procurement decisions, and what is even more amazing is that what is true of the procurement decision to buy Japanese trucks apparently must also be true of all other items for military assistance.

In response to my inquiry regarding the balance-of-payments problem posed by this procurement, I was informed that U.S.-owned yen could be used as available, making no mention whether any such U.S.-owned yen had, in fact, been used for this purpose but leaving one with the decided impression that this was the case and that such U.S.-owned yen had been used, at least to some extent. However, in answer to my request for further information as to the dollar value of the U.S. yen used in each of the fiscal years since the inception of this program for the acquisition of Japanese vehicles, the Director of the program acknowledged that "to date no U.S.-owned yen have been used for these purchases and none are presently contemplated." So after deliberately trying to mislead me, another prime justification for this procurement evaporates.

Mr. Chairman, I am amazed and irritated by such deceptive tactics. And the failure to get a straight statement in this instance can only lead me to question the validity of the other justifications for this procurement.

Another factor that cannot be ignored in a discussion of this Japanese procurement is the balance-of-payment problem that is inherent in it. While I make no claim to being an international economist and cannot advise you precisely as to the effect of the purchase of these 78,596 Japanese vehicles on our gold flow problems during recent years, I feel I can safely say that sending $223 million—almost a quarter of a billion dollars—to Japan has not helped our balance-of-payments deficit.

For the past few weeks, I have been trying to make sense out of this vehicle procurement program, but I am still hopelessly confused as to the reasoning behind it. But just during this past week came the climax to it all: The press reports emanating from the Secretary of Commerce that our Government is making efforts to encourage the Japanese to invest in building factories in the United States to manufacture Japanese products for sale in this country and with the program being billed as "Japanese aid for the depressed areas of the United States." This is all too mixed up for me to comprehend or understand.

As I have said before, I realize that nothing can be done about what has happened in the past. But it is my hope, Mr. Chairman, that from these events we can learn something for the future and that before this program becomes welded into the framework of our military assistance program, with continuing annual appropriations, the committees having pertinent jurisdiction will give this program another good, cold, hard look with the interest of the U.S. Government foremost in their minds.

Mr. ZABLOCKI. Mr. Chairman, I yield such time as he may desire to the gentleman from Florida [Mr. HALEY].

(Mr. HALEY asked and was given permission to revise and extend his remarks.)

Mr. HALEY. Mr. Chairman, as we consider here today another extension of the great global giveaway, I am afraid that we are in reality gravediggers in lawmakers' clothing. What we are preparing to do through this bill is to deepen by another foot or two the grave in which the dead body of the American economy will soon lie—unless we awaken to our responsibilities—return to sanity and face reality.

I am certain it is no news to you that the able investigators of the House Foreign Affairs Committee recently turned in a report that they found hoarding of funds, wasteful spending, and poor administration in our foreign aid programs in Korea, in Turkey and in South Vietnam.

But, if this is news to you, it can only be routine news. Not a year goes by but that we in the Congress learn from our own investigators, and from the confessions drawn from officials of the executive branch, of costly misuses of foreign aid money. We know this. But, we do nothing about it.

Billions of dollars of the money of the taxpayers we are sworn to represent have been wasted in this global giveaway. We know this, but annually we continue to pour out more billions, requested by one President after another. Annually the bad practices, sometimes outright dishonest practices, are exposed to us, deplored and denounced by us. But in some form or other, they continue.

The cold fact is that our foreign aid program is on so vast and varied a scale that it is impossible to police it properly. As in the case in other fields, it has gotten out of congressional control. The funds for it could be cut in half today without impairing any actual good the program can accomplish, if it can accomplish any good. But the pressure from the administration, the lobbyists, and the dreamy do-gooders is so strong that the Congress seems unwilling to apply the only cure for the ills that plague the great global giveaway.

That remedy is, of course, to eliminate this disease that is sucking the lifeblood of our national economy. I have enough sense to know that this cannot be done in a single operation; the cancer has spread too far.

But this program should be cut in half each year, until the tremendous and useless outpouring of the dollars of our constituents has been reduced to a mere trickle.

The reality which we as a Congress will not face—have refused to face for years—is that the United States is broke. It is no wonder that we are broke.

Since World War II, the American taxpayer has given or lent—and how much of these loans do you ever expect to see again—a staggering $84,090,800,000 to other nations. That sum represents 91 percent of the expenditures which we have been asked to approve for the operation of the entire Federal Government in fiscal year 1963. It also represents 28½ percent of our entire national debt.

Thus it is obvious that had we not thrown this money away and had instead used it to retire the national debt, that debt today would stand at a little more than $200 billion instead of the $300 billion level which it has reached, and which we have voted to increase.

Or to put it another way—if we had just banked this money we have taken from the taxpayers, we could operate the entire Federal Government for 332 days of the next fiscal year without appropriating a penny. We would need

to charge the taxpayers only 33 days' expenses in the whole year.

Now, if you have been lured into the misguided belief that these $84 billion plus have been spent to win friends for the United States—or to win friends for human decency as we know it—think this one over: Fifty-seven billions of this great giveaway—two-thirds of the total—went to nations who boast of being neutral. Neutral nations, in my opinion, are those who want our money, but refuse to call themselves our friends—call or act like it.

In all we have doled out our taxpayers' money directly to 75 nations or recognized political states. More than $9 billion has gone into vague things called "regional" or "nonregional" or "oversea territorial" activities which are classified. As I understand that term, as applied to this case, it means things that neither the public nor the Congress can be allowed to know.

It is this lack of the right to know—the denial of that right to the American people and to their representatives in the Congress—which is at the root of evil in the whole foreign aid concept.

If we in the Congress were accorded the full right to know—not for 1 minute longer would we tolerate the waste of our national resources for the nonmutual benefit of the rest of the world. If the people who provide these tax dollars which we spend so quickly and so freely were accorded their right to know what is done—I venture to say, my colleagues, that not only would there be no foreign aid program still in operation, but that those among us who have insisted on its continuance would not be here today—still insisting that this madness toward economic suicide be continued.

If we in the Congress had been told the full truth about this program, the waste and the stupidity and the thievery which has characterized it from the beginning until today would not have occurred. If it had occurred—and the American taxpayers had been told the full truth, they would surely have punished at the polls those responsible for this destructive waste. We cannot deny that the Congress is responsible because only we control the public purse.

Our foreign aid spending is in clear violation of the Constitution which we are sworn to uphold. We cannot be true to our oaths of office by voting to send billions of dollars to Communist Yugoslavia and Communist Poland—more billions to the 25 neutral nations which kow-towed to Moscow at the Belgrade Conference while blasting the United States—and more billions to the 6 Latin American nations who refused at Punta del Este to back up American action against the Communist Castro.

Since the Conference at Punta del Este, the United States has awarded more in loans and grants to the 6 nations which supported Castro than it has to the 13 governments which supported our own position. Those who opposed our firm stand against Castro have received and are scheduled to receive a total of $384,400,000 whereas those 13 nations who supported our position will receive only a total of $173 million during the same period.

Here are some specific examples of the manner in which we have made fools of ourselves—or have been made fools of by our beneficiaries—in our administration of our giant giveaway program.

These are selected examples—but I challenge anyone—I challenge the floor leaders for this bill—to prove to me, to prove to the Members of this House, to prove to the tax-bled American public, that they are not typical of the whole program.

I ask the gentlemen who are soft-soaping this bill down our throats to tell this House the truth about foreign aid in Laos—where from the time Laos became an independent nation in 1954 we gave an incredible amount of aid—at least a third of a billion dollars—to keep a newly independent nation from becoming Communist. Can we be told why the United States, abruptly, cut off all aid to Laos just a few months ago, in an effort to force what we thought was a pro-Western government to form a coalition with the Communists? Can we know the truth about this frightful picture? Or is it "classified?"

I may say in this connection that economic experts in Laos have acknowledged that withdrawal of our funds from the Royal Lao Government has had no visible effect on the nation's economy, except to inspire a belt-tightening program. That would lead a reasonable mind to suspect that our aid was not necessary in the first place. And it also would seem to suggest that the same tactic might work elsewhere—and for the same reason: That our giveaways are not really needed.

May I ask the floor leaders for this bill to explain to us how it is that Brazil—our stanchest Latin American ally through World War II and since then the beneficiary of a billion dollars of our handouts—was one of the six nations which opposed our move at Punta del Este to restrict the spread of communism in the Western Hemisphere? Or can they tell us if it was an act of friendship—purchased friendship—when the Brazilian State of Rio Grande do Sul seized, with little protest from our own Government—a $10 million subsidiary of the American-owned International Telephone & Telegraph Co.? And yet, since the Punta del Este Conference, Brazil has received from us $120 million and has been promised more.

These are not isolated matters, my colleagues. There are, unfortunately many more like them. I suspect those who lead the fight for this bill cannot—or perhaps, I should say will not explain to us our anti-Belgian pro-Communist activities in the Congo, any more than they can or will explain our support of Indonesia against Holland in Sukarno's attempted conquest of New Guinea.

It is difficult for me to understand why the United States has lent—if it can be called a loan—$133 million of the taxpayer's money to the new African nation of Ghana to help build a dam or an aluminum plant. Or why, when our own steel industry is widely publicized in difficulties, the foreign aid administration announced just the other day that it is conducting a survey to see if we should spend some of our taxpayers' dollars to build a steel mill at Bokaro in India—India, supposedly neutral, but a frequent critic of this generous country, and as frequently a kow-towing friend of the Kremlin.

But these things are no more difficult of understanding than that fancy deal in Cambodia, where Communist Russia built a "show place" hospital—using, if you please, materials financed by the U.S. Government. Can the leaders for this bill explain to me—to the House and the American people—how that came about? Were we attempting to buy Cambodia's friendship for ourselves—or for our mortal enemy?

And can they tell us if this is typical of the foreign aid operations in countries where we are supposedly competing with Russia for favor? Or will they tell us what were the findings of the investigation to determine if there was some sort of collaboration between the United States and our other mortal enemy—Red China—in construction of elements of the radio station which the Chinese Communists "gave" to Cambodia? I doubt that we will be told. I suspect this is classified.

But can we be told, perhaps, why we are pouring foreign aid money into construction of a new water pipeline project in Vietnam—which needs more water about as much as we in this country need to increase our enormous grain surplus? Or, mayhap, we can be told how we are defeating communism by helping it to succeed—in Red Poland, for example, which has had nearly a billion dollars of our money, or in Red Yugoslavia, which has taken us for nearly $2½ billion.

It would be interesting for us to know the truth about the Chunju fertilizer plant in Korea—why more than a half a million dollars was mysteriously added to the $5 million-plus technical services contract for that plant. Also interesting would be the truth about that half-million-dollar soybean procurement fund that is carried forward from year to year, although there is no apparent need for it.

It would be helpful to know about the Chongpyong Dam—for which we provided $6 million back in 1956 to finance a rehabilitation project. Nothing has been done on that project in 6 years, but our aid agency still clings tightly to the money. Similarly, funds have been allocated for a steam electric generating plant in southwest Korea since 1958—and nothing has been done about that, either.

Move over to Vietnam. There, nearly $11 million in highway construction funds lie around unexpended, unused—and apparently not going to be used to any great degree. But the taxpayers are not getting it back—any more than the foreign aid agency is preparing to turn loose large uncontracted balances being retained as valid obligations although authority to use them has expired.

These questions are ones for which I expect to get no answers. I would, of course, like to have the answers. I also would like for the House and for the American people to have the answers. But I do not believe we will get any

answers, because I do not believe that the answers exist—or that if they do, that the truth will suit the purposes of those who are forcing this legislation upon us.

As I have indicated, I am not so simpleminded as to say that we must right now stop all foreign aid. I know that this would be a reckless, unthinking—and impossible—suggestion, because, having supported most of the world for so long, we cannot, without notice, withdraw all of that support.

I think, nevertheless, that we must now face up to the fact that while we call this lavish expenditure of our funds a battle against communism, it all too often is converted by wasteful administrators into a battle against nothing or by stupid or visionary administrators into a program which props up—rather than whittles down—the dread and menacing enemy of communism.

I will not read—but I ask unanimous consent to include at this point in my remarks, a table listing the gifts of the American taxpayer since World War II to foreign nations. I think it is well worth studying—and the citizens of this country are entitled to read it, because it certainly has cost them heavily. When they have read it, I am certain that they will be able to understand why the U.S. Bureau of the Mint reported a little while ago that it cannot make money fast enough to keep up with the demand—for neither can the American taxpayer make it fast enough to keep up with the demands of the many nations lined up to take advantage of our country's generosity in its great global giveaway.

Austria	$1,170,100,000
Belgium-Luxembourg	1,935,200,000
Denmark	822,200,000
France	9,423,600,000
Germany (Federal Republic)	4,993,900,000
Berlin	127,000,000
Iceland	62,600,000
Ireland	146,200,000
Italy (including Trieste)	5,517,000,000
Netherlands	2,416,000,000
Norway	1,024,500,000
Poland	509,400,000
Portugal	370,600,000
Spain	1,470,300,000
Sweden	108,900,000
United Kingdom	8,668,300,000
Yugoslavia	2,132,400,000
Regional	2,237,300,000
Burma	93,900,000
Cambodia	263,600,000
China, Republic of	3,894,500,000
Indochina (undistributed)	1,535,000,000
Indonesia	558,000,000
Japan	3,462,500,000
Korea	4,486,600,000
Laos	301,200,000
Malaya	21,800,000
Philippines	1,555,700,000
Thailand	571,800,000
Vietnam	1,895,900,000
Regional	316,100,000
Greece	3,073,500,000
Iran	1,012,500,000
Iraq	65,300,000
Israel	709,100,000
Jordan	230,900,000
Lebanon	86,100,000
Saudi Arabia	46,600,000
Turkey	3,094,900,000
United Arab Republic	295,000,000
Yemen	$11,300,000
CENTO	23,200,000
Afghanistan	145,700,000
Ceylon	65,300,000
India	2,383,900,000
Nepal	39,400,000
Pakistan	1,255,700,000
Regional	854,200,000
Argentina	460,500,000
Bolivia	191,700,000
Brazil	1,376,500,000
Chile	364,600,000
Columbia	249,500,000
Costa Rica	68,700,000
Cuba	52,000,000
Dominican Republic	8,800,000
Ecuador	84,300,000
El Salvador	10,000,000
Guatemala	117,400,000
Haiti	80,400,000
Honduras	34,900,000
Mexico	600,000,000
Nicaragua	42,500,000
Panama	58,600,000
Paraguay	39,500,000
Peru	334,300,000
Uruguay	72,300,000
Venezuela	73,300,000
West Indies Federation	11,500,000
Oversea territories	4,800,000
Regional	111,100,000
Ethiopia	115,000,000
Ghana	4,000,000
Guinea	3,800,000
Liberia	73,300,000
Libya	154,000,000
Morocco	194,700,000
Nigeria	6,200,000
Somali Republic	9,100,000
Sudan	44,100,000
Tunisia	135,200,000
Oversea territories	60,900,000
Regional	21,600,000
Nonregional	3,336,200,000
Total, all countries	84,090,800,000

The American people are beginning to express extreme concern over the foreign aid program. They are questioning the value of many of the projects to which our tax money goes—and they are questioning the effectiveness of the projects in supporting the position of the United States in international affairs.

The following are questions that have been asked of me—in some form or another—in the past few months. I challenge the floor leaders of this legislation to give the American people the answers to these questions.

In Laos, the government is "neutral" but the Communists have a veto. Can American dollars keep Laos from falling into Red hands?

In the Congo, our dollars mainly channeled through the United Nations, aim to unify the country. But, can the United Nations and the United States force these people to unite against their will?

Aid to Poland, we are told, is intended to keep it open to Western ideas and democratic influence. Do our funds help the Poles more than they strengthen communism?

Aid to Yugoslavia is necessary we are told to keep this nation independent—although we see Tito side with Khrushchev on issues against the United States. Has U.S. aid to Tito paid off? Or if we cut off this aid to Yugoslavia, would it lose its independence?

Aid to Brazil may have been designed to encourage private investments from the United States, but what about the seizure of American business by Brazilian States?

Aid to Greece; this nation has received millions in our foreign aid funds, now is eager to receive more U.S. surplus wheat at cut rates. But, what about the fact that only 286,000 Greeks in a population of 8,400,000 pay income taxes now?

Aid to India, a nation preparing to buy Mig's from Russia even to the point of making some under license—should we continue aid to this neutral nation?

What about aid to neutral nations? Certainly we have seen that aid to neutrals has not made them pro-United States. Will foreign soldiers have the will to fight our battle—because of the foreign aid funds their nations receive? Can we turn shaky governments into solid governments with aid only? Can living standards be raised in underdeveloped areas when population outruns local resources?

What would happen if we refused to be blackmailed into aiding neutral nations who threaten to run to Russia for help? Would they get that aid from Russia—or is it true that the Soviet Union has not delivered aid where promised? Is it possible that as economic crises spread throughout the Soviet Union and its satellites—Russian aid will continue to fall far short of Russian promises?

These are only a few of the questions the American public has raised concerning our global giveaway. Certainly our people deserve these answers. I challenge you to provide these answers.

Mr. ZABLOCKI. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. THOMPSON].

(Mr. THOMPSON of New Jersey asked and was given permission to revise and extend his remarks.)

Mr. THOMPSON of New Jersey. Mr. Chairman, I am very much in favor of this legislation and the administration's points of view with respect to it.

Private enterprise has a major role to play in the AID program. It is a basic objective of the development assistance program that private American business shall be included as an essential part of the program to assist less developed countries in their economic growth.

Congress has provided AID with seven specific tools with which to work with United States and foreign private businessmen both here and abroad. The Office of Development Finance and Private Enterprise is a focal point in AID for broad contact with private business interests. That office is charged with increasing the role of private enterprise in the foreign assistance program. One of its important functions is to meet with business groups and individual businessmen to assist them in locating specific business opportunities arising out of the program.

To deal with each tool briefly.

First. Investment surveys: AID has received over 100 inquiries about the investment survey program. While plan-

ning behind some of these applications is clearly more advanced than others, it appears that AID will be instrumental in assisting private investors in surveying investment opportunities in a number of countries including Colombia, Ecuador, Nigeria, and Vietnam.

Second. Dollar loans to United States and foreign private enterprise: In the past 6 months loans have been made to the following private projects—a truck manufacturing facility, a tire cord manufacturing facility also, in India, and a cement plant in Korea.

Third. Cooley loan program—Public Law 480, section 104(e): More than 60 applications for Cooley loans—from foreign currency proceeds of sales of surplus agricultural commodities—are in various stages of processing within the agency. Typical of these loans are one for a corporation in India to process synthetic rubber, and one to a company in Pakistan which will manufacture tires.

Fourth. Investment guarantees—specific risks: With the liberalization of the legislation covering specific risk guarantee authority, there has been a noticeable increase in investor interest in the program. The backlog currently on hand is 570 applications covering investments of over $2 billion.

Fifth. Investment guarantees—extended risks: This new program holds great promise. Although no guarantees have yet been written, several applications have been received for projects in Venezuela, Nigeria, Pakistan, and the Congo.

Sixth. Loans to development banks for relending to private borrowers: As of January 31, 1962, loans totaling $156 million had been made to 23 different institutions in developing countries, which in turn had made 565 subloans. AID has on hand applications from a dozen development banks.

Seventh. Feasibility surveys: An important AID responsibility is to improve the climate for private enterprise and investment, local or foreign, in less developed countries. For this purpose, studies have been made in many parts of the world, particularly in Latin America. Over 30 feasibility surveys are in process which should lead to the establishment of new development institutions, mostly in Africa.

On the procurement side AID through its Office of Small Business assists American business to participate equitably in the furnishing of commodities and services financed by AID. The Office provides information to the business community through publications of small business circulars, award notices, and procurement information bulletins. Since it is anticipated that 80 percent of the funds provided AID will be spent in the United States, a major stimulus is thereby provided to U.S. private enterprise.

Mr. ZABLOCKI. Mr. Chairman, I yield 8 minutes to the gentleman from Alabama [Mr. SELDEN].

(Mr. SELDEN asked and was given permission to revise and extend his remarks.)

Mr. SELDEN. Mr. Chairman, as chairman of the Subcommittee on Inter-American Affairs, I have been particularly concerned with title VI of the Foreign Assistance Act which embodies the so-called Alliance for Progress.

The Alliance for Progress represents a wholly new concept of foreign aid. I am in full accord with the premise upon which the Alliance is based, that is, that U.S. financial assistance is to be accompanied by certain basic economic and social reforms on the part of the recipient nations. Without such reforms, foreign assistance only perpetuates existing conditions.

At Punta del Este last August, the American Republics recognized that foreign aid alone cannot solve Latin America's formidable economic and social problems. They recognized that reforms of their archaic tax and land-tenure systems are essential to remove barriers to economic development and to relieve explosive social pressures by spreading more widely the benefits of increasing abundance. Accordingly, the Charter of Punta del Este calls upon the Latin American nations to undertake basic fiscal and agrarian reforms.

There has been notable dissatisfaction with the pace with which some of the Latin American countries are living up to their pledges to undertake self-help measures. I realize that 11 months is a short time in which to enact complicated legislation designed to correct centuries-old practice.

Nevertheless, if the United States grants assistance on the basis of vague promises, we only encourage recalcitrant elements in Latin America to postpone or avoid their responsibilities. Equally self-defeating is the granting of bail-out assistance in response to pleas of political instability and violent upheaval if aid is not forthcoming.

In observing the operation of the Alliance for Progress during its first year, I have been deeply concerned over another aspect, the role of private investment. Estimates of the cost of the Alliance over the next 10 years must necessarily be rough. Preliminary estimates run to at least $100 billion, $80 billion to be raised in Latin America and the rest supplied by the United States, international lending agencies, and private United States and European investors. Of this we can be sure: Latin America's capital needs are staggering.

For example, recent careful estimates show 20 million dwellings out of 31 million in the region as falling below minimum standards for human habitation. This implies not only discomfort and a corresponding political unrest, but it spells health hazards which weaken the constructive capacities of the millions of people who live without decent sanitation and other facilities. Meanwhile, the construction industry is providing only one-third of the dwelling units needed for the annual increase in population. This means that there is no margin at all for replacing the shacks and huts in which hundreds of thousands now live wretchedly.

I use the housing situation only to illustrate the enormity of the task ahead. Almost any facet of life in Latin America presents comparable dimensions. Perhaps most important of all is the fact that 5 million souls are being born onto the scene each year, which means more people to feed, clothe, house, and employ, in economies already straining to maintain precarious levels of living.

Clearly, the success of the Alliance for Progress cannot depend solely on Government funds. The entry of private capital is a vital adjunct to official loans. Enormous quantities of private investments must be attracted to establish the indusrties the Latin American nations need to provide employment opportunities and to diversify their economies.

Faced with the uncertainties regarding possible expropriations, private capital is unlikely to take the risks. Private capital can and does find a warmer welcome elsewhere in the more developed countries where, ironically, it is less needed.

Within the Alliance we must develop the strongest reasonable assurances against expropriations. As foreign investments show confidence, local capital will in turn be encouraged to reinvest in its country of origin, thus stemming the discouraging outflow from which the region suffers.

I am convinced, Mr. Chairman, that the long-range approach to Latin America's economic and social problems as encompassed in the Alliance for Progress is necessary. We should not deviate, however, from those basic requirements outlined in the Charter of Punta del Este as prerequisites for financial assistance. Otherwise, the efforts and funds of all concerned will be wasted. Furthermore, we must face squarely the fact that failure of private capital to invest in Latin America means failure of the Alliance for Progress, and we must insist upon the safeguards that are necessary to attract foreign investments.

While I am in accord with the long-range objectives embodied in the Alliance for Progress, the immediate problem—a Communist stronghold in Cuba—can neither be ignored nor isolated while we move forward toward the long-range goal. As long as Cuba serves as a base for Communist subversion and infiltration, the Alliance's long-range efforts to channel the revolutionary pressures in Latin America toward peaceful change are in grave jeopardy.

It is known that Fidel Castro and his Communist cohorts are currently engaged in revolutionary operations against at least 10 of his Latin American neighbors. In an arsenal in Matanzas Province, Castro has collected all the United States, British, and Dominican Republic weapons inherited from Batista. There the armaments are reconditioned and stored, then smuggled to guerrilla forces in other Latin American countries. Student volunteers who fought side by side with Communist leaders and leftist marines in the recent Venezuelan uprising were equipped with arms traced to Cuba. It is also reliably reported that Castro has shipped arms to agents in Costa Rica, Guatemala, Honduras, Brazil, Paraguay, Bolivia, Columbia, Peru, and Ecuador.

The achievement of evolutionary reforms is difficult enough, but constant Cuban harassment undermines even the most dedicated efforts. We can expect more violence and more flight of capital

throughout the hemisphere as the Cuban Communists strive to create a climate of fear and uncertainty. Thus, in addition to our long-range efforts, the American Republics cannot afford to ignore the Cuban problem in the blind hope that it will disappear. If we believe the Alliance for Progress and Cuban communism can coexist in the same hemisphere, we are embarked on a policy which can only end in disaster.

Therefore, Mr. Chairman, let us clearly recognize both the long-range and the immediate dangers that confront us and our Latin American neighbors in this hemisphere and then take whatever steps may be necessary to eliminate those dangers.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BARRY].

(Mr. BARRY asked and was given permission to revise and extend his remarks.)

Mr. BARRY. Mr. Chairman, I rise in favor of this legislation, and also to particularly support an amendment which will be offered giving the President discretionary authority to give aid to Communist nations when it is, first, in the national interest; second, the nation is not controlled by international communism; and, third, when such assistance will promote independence of the recipient nation.

This amendment will be offered and I implore you to give it your every attention this afternoon when it is debated fully on the floor.

Mr. Chairman, in the short time allotted to me I would like to speak a little about the implications of what would happen should this bill not pass today, and I direct your attention to the economic aspects affecting the United States with regard to the passage of this bill. Sometimes we may possibly lose sight of the fact that Public Law 480, although not tied to this bill, is an important foreign policy tool. We know that Public Law 480 currencies are being generated all over the world which are part of our foreign policy and used over and over again to aid in carrying out assistance activities. These funds could not be utilized effectively unless the present authority provided in this bill is extended.

Mr. Chairman, what about the economic aspects as they affect certain phases of industry in this Nation? Let us take the farming industry. The farming industry, so far as Public Law 480 is concerned, would no longer be part of our foreign policy. It involves the following: 2,322 million bushels of wheat. How about feed grains—354 million bushels of corn, oats, barley, sorghum, and rye; 5,851 million pounds of fats and oils; 6,300 million bales of cotton; 332 million pounds of tobacco? And meat and poultry, fruits and vegetables, worth another $25 million; or dairy products, 362 million pounds, to say nothing of rice of 71 million hundredweight. It has been said here on the floor that this represents some $11 billion of programed sales which have made it possible to accumulate $2.6 billion in foreign currencies to use in order to carry out our foreign policy. The cost to the Commodity Credit Corporation for these title I sales has been $7,592 million, which cost does include some $851 million in shipping costs.

What about the shipping industry that is affected here? There is the $850 million worth of shipping charges for our already hard-hit maritime industry; at least that portion carried in American bottoms.

We have had before the committee representatives of labor who have shown that 700,000 jobs are generated by the foreign aid bill. What does this mean? This mean product in demand by foreign countries which place orders in America have generated 700,000 jobs. Someone could say, "You have this money to spend elsewhere." But the facts are that we would not have this increased production because this is a consumer demand created by our foreign aid activities.

I could go on and give you some other detriments to the national economy if this bill does not pass. What about the investment guarantee provision in this act? What about our businessmen who want to go abroad today but who are fearful of certain factors affecting their investments? In this act there are three forms of protection to our businessmen who want to go abroad and establish industries. There is a specific risk. There is the extended risk for a project which provides that up to 75 percent would be guaranteed by our Government. Or in the field of housing up to 100 percent of the loan investment can be guaranteed.

These investment guarantees over a 14-year period have cost Uncle Sam only $8,000, and there is a chance of getting some of that $8,000 back. There is a substantial detriment to further foreign investment by our not passing this bill.

I should like to say in conclusion that I intend to offer an amendment to the last page of the bill which would place the North Atlantic Treaty Organization Conference which is attended by delegates from this body on a somewhat similar appointive basis as those who the Interparliamentary Union Conferences that are held. Specifically my amendment requires that four members of the nine House of Representative delegates of this NATO group should be members of the Committee on Foreign Affairs.

Mr. ZABLOCKI. Mr. Chairman, I yield such time as she may desire to the gentlewoman from New York [Mrs. KELLY].

(Mrs. KELLY asked and was given permission to revise and extend her remarks.)

Mrs. KELLY. Mr. Chairman, H.R. 11921, the Foreign Assistance Act of 1962, is one of the most important bills to be reported to this House for action. It implements our foreign policy as well as our domestic policy.

I have consistently supported foreign aid legislation. I have endeavored to explain to those of my colleagues who were and are doubtful as to the need for this legislation. I must regretfully say that I now find more determined opposion to this legislation.

What are the causes of this increased opposition? In asking this question, I address myself to those of you who have open minds on the subject. I do not and cannot hope to sway those who have consistently opposed this legislation.

In recent years we have all become aware of the failures and shortcomings of our foreign assistance programs. We have seen many nations to whom we have given our hard-earned dollars turn away from us or appear disinterested in the tremendous struggle between East and West. We have seen too many situations such as that in Laos, Vietnam, the Congo, and Iraq, and far too many instances of waste and inefficiency in our Government's management of assistance programs.

Further, I am decidedly disturbed by the evidence which keeps on cropping up, exposing weaknesses in the administration of this program. It seems that no matter what we do here in Congress—no matter what strict requirements we place in the law—the people who administer it every once in a while bungle the job.

I am not happy about the expenditures this bill entails. They are not welcome at a time when we have a record-breaking budget, when we have finished the fiscal year 1962 with a deficit, and when the economy of our country is in need of a boost—instead of continued high tax rates.

These facts do not make the foreign aid program popular. They do not make it easy for us to vote for it any more than the enormous request of the agriculture bill.

I submit, however, that none of these are valid reasons for opposing this legislation. As I see it, if we look to our successes, we will find that they far outweigh the failures. In any program of the magnitude and longevity of foreign aid, a perfect record—while it should be strived for—is unattainable. I have yet to find a more acceptable program.

This is one of the reasons why I supported the foreign aid program in years past, when it was conducted by the Eisenhower administration—even though, during those years, we have lost ground in Korea, in Vietnam, in Cuba, and in other areas—and even though, ignoring the pledge about liberating the captive nations, contained in the 1952 Republican platform, the administration had failed to act when the bread-and-freedom riots occurred in Poland in 1956 and later that year when the revolt broke out in Hungary.

I continue to support this legislation now for the same reasons. To state it briefly, in a world torn by the contest between freedom and tyranny, and battered by the frequently conflicting interests and desires of some 100 independent nations, there is no easy or cheap way to lasting peace and security. But let us be realistic. This is permanent legislation. Let us accept the criticisms and turn them in a constructive direction.

The attainment of our goals requires sacrifice and the best effort of all free men and women. For us in the United States, that sacrifice and that effort are embodied to a large extent in the bill

before us and in our annual Defense Department appropriations.

In his request to Congress this year, the President requested a total authorization of $4,878,500,000. The Committee on Foreign Affairs, after conducting extensive hearings, cut the request of the Executive to $3,715,400,000. Of this amount, $1,915,400,000 is for operations in fiscal 1963. The balance of $1,800 million is a future authorization for the Alliance for Progress to cover fiscal years 1964, 1965, and 1966 at the rate of $600 million per year.

Mr. Chairman, your Committee on Foreign Affairs, acknowledging all these problems, worked for many weeks on this legislation. From the fiscal viewpoint, many complaints were heard about the great amounts spent for foreign aid when we have a balance-of-payments problem with its drain on our gold supply and an unbalanced budget. These protests, while seemingly valid on their face, do not take into consideration the fact that our foreign aid programs lend tremendous support to our domestic economy and do not to any large extent affect our balance-of-payments position. Some 82 percent of military assistance funds are spent in the United States and some 73 percent of the economic aid funds will be spent in the United States. These expenditures are a great factor in keeping in production the steel mills of Pittsburgh; the aircraft factories from Long Island to Los Angeles; the oil wells of Texas; the factories of Detroit, and the farms of the Great Plains. In short, almost every community and area in the United States is beneficially affected by our foreign aid operations.

In line with this, it is an admitted fact that $1.4 billion of business has been brought into the United States as a result of multilateral programs of coordinated procurement among the members of the North Atlantic Treaty Organization. I am particularly proud to have sponsored this amendment which is now contained in the last paragraph of section 502 of this bill.

In addition, the investment guarantee program of section 103(b)(2) for which $100 million is authorized gives wide security and opportunity to American business. The provision in section 104 for surveys of investment opportunities in less developed countries is another tool for the help of American businessmen.

The Alliance for Progress which places emphasis on self-help measures is an approach which has been long overdue. While large sums of money are involved and the authorization of $2.4 billion covers the next 4 years, during the first year of operations, significant gains have been made:

First. Bolivia has granted 71,000 land titles to small farmers.

Second. Brazil has adopted a 5-year development plan for its depressed northeastern region and has spent $100 million during the first year of operations.

Third. Columbia has enacted an agrarian reform program and is compensating the large landowners for their holdings.

Fourth. El Salvador has raised income tax rates, adopted minimum wage legislation and a monetary stabilization program.

Fifth. Uruguay has adopted its first income tax legislation. These accomplishments are a direct result of the impetus of the Alliance for Progress and are the best reasons for the continuance of the program. It is of extreme importance to note that 80 percent of the Alliance for Progress funds will be used for loans repayable in dollars.

This year your Committee on Foreign Affairs aimed at tightening up the administration of this program and included amendments to combat discrimination against American citizens—because of race, color or religion—by countries benefiting from our aid; to protect American citizens against losses resulting from expropriation of their properties in foreign countries; to promote the use of private channels of trade in the purchase in the United States, by the governments of economically developed countries, of defense articles; and to tighten up the prohibition against assistance to governments indebted to U.S. citizens.

At this point, I would like to explain the two amendments which I proposed, and which were adopted by the Committee on Foreign Affairs.

COMMERCIAL SALES OF DEFENSE ARTICLES

The first amendment is contained in section 201(b) of the bill before the House. Its aim is to promote the use of private channels of trade by the industrial nations of the world when they purchase certain defense articles in the United States.

Under section 507(b) of the Foreign Assistance Act of 1961, the Department of Defense was authorized to act as a broker—or purchasing agent—for friendly countries and international organizations desiring to purchase defense articles or services in the United States.

This was good and well. The Congress put this authority in the law for a dual purpose: First, to provide this special service for the developing countries which may not have large and specialized oversea purchasing organizations; and, second, to encourage maximum utilization of U.S. defense articles and services, especially of surplus items.

What has developed, however? We find that the Defense Department has become the purchasing agent—or broker—for the military establishments of the industrialized as well as the less-developed countries. And, secondly, we find the Defense Department performing these services not only with respect to surplus military items, or items in its stocks, or classified items—but also with respect to items available commercially in the United States.

As a matter of fact, we find the Defense Department competing with—and taking business away from—legitimate private enterprise in the United States. And, as I said, this is not competition involving items in the stock of the Department of Defense; it is competition involving the ordering and purchase of new items, of items available in the open market.

There is no justification for this type of destructive and unnecessary Government competition with private enterprise.

The amendment embodied in section 201(b) is intended to put an end to the practices I have described.

The amendment will not affect the services which the Department of Defense is currently authorized to perform for the less-developed nations.

Further, it does not affect the sales of surplus military stocks, or of items in the inventory of the Department of Defense.

The Department will be permitted to continue to make these sales.

The only thing that section 201(b) prohibits is this: It forbids the Defense Department to act as a purchasing agent for the industrialized countries of the world with respect to new procurement of items generally available for purchase from commercial sources in the United States.

This is a modest restriction, and even that restriction can be waived under section 201(b) if the Secretary of Defense determines that such a waiver is in the national interest.

I believe that there is every reason for the enactment of this section.

PROHIBITION AGAINST AID TO GOVERNMENTS INDEBTED TO U.S. CITIZENS

My second amendment is contained in section 301(c) of H.R. 11921. Its purpose is to tighten the prohibition against assistance to foreign governments which are indebted to U.S. citizens.

As the law reads at present, U.S. assistance cannot be extended to a government which is indebted to any U.S. citizen for goods or services furnished to such government, when the American citizen has exhausted the available legal remedies and the foreign government does not deny or contest the debt.

The law, as presently written, does not apply to a breach of contract which occurs before the goods ordered by a foreign government are delivered. Further, the present law is ineffective with respect to a situation in which a foreign government decides not to honor certain debts of its predecessor government.

Section 301(c) of H.R. 11921 proposes to close these loopholes. It augments section 620(c) of the law in two respects:

First, by extending the prohibition of that section to debts arising from the ordering of goods and services from American citizens.

This should make a foreign government pause before it breaks a contract with an American firm without providing such a firm with adequate compensation.

And, second, by extending the prohibition of section 620(c) to cases in which the indebtedness of a foreign government arises under an unconditional guarantee of payment given by such government or any predecessor government.

We are trying to encourage the participation of private enterprise in the development of the less-developed nations. The best way to encourage such participation is by seeking fair treat-

ment of American firms at the hands of foreign governments. The amendment embodied in section 301(c) of the bill does just that. It puts foreign governments on notice that they cannot mistreat private American enterprise without running the risk of losing assistance being provided by our Government.

Mr. Chairman, H.R. 11921 is one of the most important bills to be reported to the House for action. It is a policy bill. It implements our foreign policy, as well as our domestic policy. Its adoption is of the utmost urgency. Without it, the free world's defenses against the monolithic Communist giant will crumble—with it we can continue to fight, on a worldwide basis, for the principles upon which our Government is founded.

Mr. ZABLOCKI. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. MONAGAN].

Mr. MONAGAN. Mr. Chairman, I support the Foreign Assistance Act of 1962 not because I consider it to be any panacea or any automatic solution of all the problems that face the United States at the present time but because I consider it to be one more weapon in the armory that must be at the disposal of the President of the United States and the Government of the United States in the continuing conflict with communism in which we are engaged at the present time and the continuing struggle for the survival of the United States of America as we know it.

Some mention has previously been made in the debate of some of the reports of the Hardy subcommittee which have been critical of the operation of this program. The implication of the speaker was that one could not accept the Hardy committee recommendations and support this legislation at the same time. I am very proud to be not only a member of the Committee on Foreign Affairs but also a member of the Hardy subcommittee, and I have taken part in the hearings and the deliberations of this subcommittee. I am fully aware of the deficiencies in the administration of this program that have been demonstrated, but the fact that there have been deficiencies and defects shown in its administration is no reason why the program itself as a whole should not be continued.

We have seen deficiencies in the military program. Certainly we have seen waste demonstrated in that program. We have seen defects in the farm program and waste there, but that is not an argument for the abolition of these programs as entities.

It is an argument to which I subscribe with enthusiasm for a better administration of this program. I believe that the President, the Secretary of State, and Fowler Hamilton, the present director of the AID agency are devoted in the highest degree to improving the personnel and tightening the administration of this program. It is in this area of personnel selection and supervision, in my opinion, that the major defects and deficiencies have taken place.

Incidentally, it is my recollection that all the members of the Hardy subcommittee have voted for mutual security legislation.

Mention has also been made in this debate of the fact that this program is responsible for the deficit in the balance of payments that exists at the present time.

In this connection, I should like to mention several facts. It is true, as our committee report on this bill says, that there is some contribution to the imbalance in the balance of payments as a result of this program, but actually the major portion of the funds under this program are not sent abroad. It is not a pouring out of the gold of the United States into other areas of the world. The fact is that 73 percent of the funds spent for economic aid under present legislation in fiscal year 1962, will be spent directly in the United States and the Agency for International Development has set as its goal in the immediate future an expenditure of 80 percent of those funds. So 80 percent of these funds will be spent in the United States. It also should be emphasized that 82 percent of the military assistance funds which amount to $1.5 billion under this act are spent in the United States. So the great part of these funds are spent here.

Now where does the military imbalance that I have mentioned come from? The fact, of course, is that we have bases throughout the world. We have troops in Germany. We have naval bases. We have air bases in Spain, in the Azores and throughout the world. If we wanted to close them down and bring back the men who are stationed there, we could do that and avoid our annual expenditure of $3 billion and we could, therefore, eliminate this deficit in our balance of payments. But it just is not true that the deficit is due in a major degree to this foreign assistance program.

Mention has also been made of the disappointment that has been felt in the slow progress under another phase of this program, and that is the Alliance for Progress. I, too, share the regret that there could not thave been greater progress in this program. But, the significant fact is, that we have a President who is now interested in trying to do something in this area. He is daring to put his prestige on the line in this vital sector where the issue is so much in doubt. We are entering the game in the ninth inning, with two outs and the score against us. But, an effort is being made to do something specific and effective and even if mistakes are made and even if there may be some setbacks, nevertheless the fact is that we are devoted to trying to help these people who are our neighbors in Latin America to bring democracy and progress to their countries with resultant beneficial effects to the security of the United States and the security of the hemisphere as a whole.

Mr. FRELINGHUYSEN. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. FEIGHAN].

(Mr. FEIGHAN asked and was given permission to revise and extend his remarks.)

Mr. FEIGHAN. Mr. Chairman, in the past several weeks a steamroller lobby has been operating in Washington, advocating continuation of American assistance to the Communist regimes in Yugoslavia and Poland. I use the term "steamroller" because all the stops have been pulled out to so confuse the basic issue of using American taxpayers' money to strengthen our avowed enemies that logic and reason will have a difficult time prevailing on this question.

CALL OF THE HOUSE

Mr. GROSS. Mr. Chairman, the gentleman is making an extremely important statement.

I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Ninety-two Members are present, not a quorum.

The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 151]

Alford	Flood	Powell
Andersen, Minn.	Frazier	Riley
	Harrison, Va.	Roberts, Ala.
Ashley	Hoffman, Mich.	Saund
Ayres	Horan	Shelley
Bennett, Mich.	Kearns	Short
Blatnik	Kilburn	Smith, Calif.
Blitch	Kowalski	Spence
Byrnes, Wis.	McSween	Springer
Chiperfield	Mailliard	Taber
Coad	Meader	Thompson, La.
Collier	Miller, N.Y.	Thornberry
Curtis, Mass.	Morrison	Tollefson
Davis, Tenn.	Moulder	Utt
Dawson	O'Brien, Ill.	Yates
Dooley	Peterson	

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 11921, and finding itself without a quorum, he had directed the roll to be called, when 388 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. FEIGHAN].

Mr. FEIGHAN. Mr. Chairman, the lengths to which the steam-roller lobby has gone is perhaps best demonstrated by the sudden return to the United States of George Kennan, American Ambassador to Yugoslavia. Mr. Kennan has appeared on nationwide television advocating American assistance to the Communist regime in Yugoslavia. A feature article written by him appeared in the Sunday edition of the Washington Post, the effect of which was to charge the other body with exhibiting a dangerous ignorance of foreign policy problems by enactment of an amendment to the Foreign Assistance Act which prohibited American assistance to any country known to be dominated by communism or Marxism. The clear intention of the article to which I refer was to frighten and intimidate Members of this House from taking similar action on the bill now under consideration.

I believe a far greater danger to our security as a nation is involved in an act wherein an American Ambassador accredited to a foreign country, returns to the United States to lobby for legis-

lation in support of the country to which he is accredited. This danger is compounded hundreds of times over when that Ambassador returns from a country ruled by a notorious Communist regime and argues that unless we provide the assistance to keep that regime in power, we will be endangering the security of the United States. I ask Members of this House whether they know of any case in the entire history of our country similar to this one. I know of none. This episode is a sad commentary on the life-long work of so many career diplomats who have served with fidelity, distinction, and honor the interests of the United States.

Mr. HARSHA. Mr. Chairman, will the gentleman yield?

Mr. FEIGHAN. I am very happy to yield to my very able and distinguished colleague from Ohio.

Mr. HARSHA. Mr. Chairman, I would like to ask my colleague if he can tell us just how successful have been the advice and counsel of Ambassador Kennan on foreign policy.

Mr. FEIGHAN. The record of Mr. Kennan on foreign policy reflects a continuity of failures with respect to the Russian problem. Mr. Kennan, by his own admission, offered the containment policy and every Member of this House knows that this policy drove our country into political paralysis and a purely defensive position, politically and otherwise, from which the present and two previous administrations have found it extremely difficult to extricate themselves. It was Mr. Kennan's estimate in 1956 that revolt on an effective scale behind the Iron Curtain was impossible. The Hungarian freedom revolution of that same year put the lie to Mr. Kennan's views on this matter. Mr. Kennan has advocated a policy of strategic withdrawal from Europe, the effect of which would ultimately dismember the NATO alliance and thus give the Russians a free hand in all of Europe. In a series of six lectures over the British Broadcasting Company in 1957, a series known as Reith lectures, Mr. Kennan advocated policy lines calculated to force an acceptance of status quo with the Russians.

It may be coincidental that these lectures were broadcast at a time immediately preceding an emergency meeting of the North Atlantic Treaty Organization in Paris, called to consider the world wide propaganda victory achieved by the Russian success in launching the first earth satellite. The proposals advanced by Mr. Kennan in his Reith lecture series entitled, "Russia, the Atom and the West," clearly reflects his lack of confidence in the United States, as the leader of the free world community, to win a just and lasting peace. Mr. Kennan has many times defined his meaning of a status quo with the Russians—to him it means there is a finality to events which have taken place in central east Europe which have placed the yoke of Communist tyranny around the necks of the once free and independent nations in that part of the world. That policy would have expelled us from Europe. Free Berlin would have been taken over by the Russians, as they took over by armed force so many countries.

Among other things Mr. Kennan alleged that he did not know of a single person who had occupied himself responsibly with the problem of Yugoslavia who did not agree with him. As is well known, there are multitudes of competent authorities who have occupied themselves with the problems of Yugoslavia for many more years than Mr. Kennan has, who are in complete disagreement with his views. One such authority on Yugoslavia, the well known educator, author, and university professor, Dr. Slobodan M. Draskovich, is the author of the revealing book: "Tito—Moscow's Trojan Horse." At my request, Dr. Draskovich made a penetrating analysis of the Tito regime, its internal and external policies, and the effect of American assistance on such policies. I would like to share this scholarly analysis with Members of the House and I have obtained unanimous consent in the House to include this analysis—"Should the United States Give Aid to Communist Regimes":

SHOULD THE UNITED STATES GIVE AID TO COMMUNIST REGIMES

The problem of U.S. aid to Communist countries has served to underscore the growing importance of U.S. foreign policy in the cold war. Decisive points are clearly emerging in spite of all the complexity, vagaries, and changes in the international picture. The most significant and determinative factor in the struggle between freedom and communism in the world is U.S. foreign policy.

What our Communist enemies do is important, therefore we should continue watching closely their machinations and imperialistic intrigues in the whole world, particularly in our Western Hemisphere. The Communist-enslaved nations are also of great importance. Their peoples never chose to live under communism. They never had the opportunity of expressing their free will, because communism was imposed upon them. They do not want communism today and they dream and hope that the free world will not forget them, but give them the help which they so richly deserve. Paradoxical as it may seem, the enslaved nations are today more clearly aware of the true nature of communism and more resolutely and unwaveringly anticommunistic than most of the free nations. They closely watch our basic attitude in the cold war, our message to the world, our foreign policy, our wisdom, and above all our determination to fight and work for freedom as stanchly and devotedly as the Communists are working and plotting to destroy freedom in the world.

The elements of the main problems under discussion can best be grouped in three categories—the pertinent facts of the matter; the political analysis and evaluation of the facts; the basic aims and yardsticks of our foreign policy.

Since 1959 I have had the occasion of presenting every year a systematic survey of the main facts, events, statements, meetings, conferences, and developments pertaining to the problem of our relationship with Communist Yugoslavia. On this occasion, I do not intend to repeat those facts or the analyses which were presented on those occasions. The gist of the matter is that Yugoslavia since October 1944, when Tito was installed in power in Belgrade by the Soviet troops of Marshal Tolbukhin, as well as in its foreign relations with the U.S.S.R. or other Communist countries and with the West, particularly with the United States—one thing has certainly remained unchanged, and that is the basic character of the regime, which was communistic in 1944 and has remained communistic to the present day. This has not only been clearly established by all available evidence, but representatives of the Yugoslav regime themselves have not hesitated to speak bluntly, without any diplomatic circumspection or concern for the feelings and reactions of their Western benefactors.

Most significant among such statements is undoubtedly Tito's interpretation of Yugoslav foreign policy upon his return from his first visit to Asia, in February 1955. The standard approach of most Western observers is that from 1944 to 1955 the policy of the Yugoslav Communist regime had gone at least through three distinct and basically different phases: from 1944 to 1948 when Communist Yugoslavia followed faithfully the Moscow line; from the break with Moscow of June 28, 1948 to 1954, when the relations with Moscow were strained to the point of approaching open conflict; the phase of reapproachment through 1954, which culminated in Khrushchev's and Bulganin's visit to Yugoslavia in May and June 1955.

Tito had an entirely different opinion: "Our policy has always been the same, today as 7 or 8 years ago." Through his outspoken stand of complete solidarity, in peace and war, with the Soviet Union (Stalingrad, June 11, 1956), through his stand of wholehearted endorsement of the bloody Soviet intervention to smash the Hungarian anti-Communist uprising of October–November 1956, through his meetings and agreements with the Polish alleged "heretic" Gomulka, through all the attacks to which he was exposed from the Red Chinese as well as Soviet sources in 1958, through the deliberations and votes in the U.N., through the General Assembly in New York of September 1960, through the Neutralist Conference of Nonaligned Nations in Belgrade in September 1961, the Yugoslav Communist regime never changed its thoroughly Communist policy, fitting precisely in the pattern, aims, and strategy of world Communist imperialism.

When our Ambassador to Communist Yugoslavia, Mr. George Kennan, after the Neutralists' Conference of September 1960, visited the Yugoslav Ministry of Foreign Affairs, to ask for explanations for the thoroughly pro-Soviet and thoroughly anti-American stand which Tito had taken at the Conference, the spokesman of the Ministry, former Yugoslav Ambassador to Washington, D.C., Leo Mates, calmly objected: "But, Mr. Ambassador, our policy has never been different."

Against that background, let us review, for the sake of obtaining a solid basis for evaluation, the main events and developments of the past 12 months.

In July 1961, Mr. Foy Kohler, who had just been appointed U.S. Ambassador to Soviet Union, testifying before the House Foreign Affairs Committee, spoke strongly in favor of the U.S. policy of aid to Communist Yugoslavia. He termed it "one of the best investments the United States has ever made in the foreign policy field" (New York Times, July 6, 1961). Exactly 1 week later, the Yugoslav Foreign Minister, Koca Popovic, after spending a few days in Moscow, issued a joint communique with the Soviet Foreign Minister Andrei Gromyko and the Soviet Premier, Nikita Khrushchev, which stated that "In all major international issues, the stand of the Soviet Union and Yugoslavia coincide or are identical."

The final Declaration of the Conference of Nonaligned Nations, held in Belgrade from September 1 to 6, 1961, was unqualifiedly favorable to Moscow, and clearly against the United States. It endorsed the well-known Communist views on colonialism, coexistence, and historical transitions, foreign domination, and interference in the internal af-

fairs of other countries. It endorsed Moscow's stand on Algeria, Angola, the Congo, and Tunesia. It condemned the U.S. policy in the Middle East, it denounced foreign bases as a "gross violation of the sovereignty" of the states where the bases have been established, it singled out the U.S. base at Guantanamo as an example of such violation, it sided with Cuba, against the U.S. position, it recommended that the representatives of Red China be seated in the United Nations.

If the foreign policy observers and experts of the free world were surprised and shocked, it was definitely not Tito's fault.

In October 1961, it was disclosed that six Yugoslav Communist pilots were being trained at a U.S. air base in Texas and that 135 Sabrejets were to be sold to Communist Yugoslavia. Moreover, information came to this country from a number of sources that the two Yugoslav ships which had loaded the cargo, *Gundulic* and *Tribovlje*, had stopped in Havana on the way to Yugoslavia and that part of the jets had been unloaded in Communist Cuba. Testifying before the Select Committee on Export Control of the House of Representatives, our Secretary of State, Mr. Dean Rusk stated that the Yugoslav Government had officially confirmed on January 27, 1962, that the Sabrejets were all inside Yugoslavia. Mr. Rusk seemed fully to trust the Yugoslav Communist Government, since he declared that the U.S. Government had a written assurance of the Yugoslav Government that transshipment of United States origin goods would not take place.

At approximately the same time as the training of Yugoslav Communist pilots and the sale of U.S. Sabrejets to Tito were disclosed, Tito gave an interview to the correspondent of a Japanese newspaper, Assahi, the gist of which was clearly expressed in the headlines of the New York Times of October 26, 1961: "Tito Calls His Aim Same as Soviet's—Says Rift Is Over Methods, Not Communist Objectives."

The only issue where Tito's stand at the Neutralists' Conference of September 1961 had been defeated by a great majority of votes was the issue of Germany. However, Tito did not wait long to repair the damage. In November 1961, speaking in Skoplje, he praised the Soviet Union, endorsed wholeheartedly its stand on Germany and especially on Berlin and advised the West to negotiate with Moscow. He also denounced the United States for exerting economic pressure on Yugoslavia at a time of great economic stress, in order to bring about a change of Yugoslav foreign policy.

In his New Year's message in 1962 Tito stressed that Communist Yugoslavia's main activity in international affairs was expressed in its "struggle against colonialism, in all its forms, in the struggle for the complete independence of colonial and semi-colonial peoples, for a complete disarmament and ban of nuclear tests," whereby he left no doubt as to the identity of his views with those held in Moscow.

At the celebration of Castro's third anniversary of rise to power January 1, 1962, the information about Yugoslav ships delivering U.S. Sabrejets to Communist Cuba was substntiated by the appearance of some 30 Yugoslav officers in uniform on the reviewing stand. It was learned subsequently that the Yugoslav officers were jet pilots and antiaircraft specialists.

In the course of January, the Atomic Energy Commission approved the transfer of some 29 pounds of enriched uranium to Communist Yugoslavia.

On February 12, a 4-month atoms-for-peace training and research program began at the Argonne National laboratory. Out of the 72 scientists and engineers attending the program, 11 were from Communist Yugoslavia.

The first months of 1962 were spent in developing trade and cultural relations with the countries of the Soviet bloc and in close cooperation and consultation with Colonel Nasser's regime in Egypt. One of the subjects of discussion was the problem of economic development and relations, since both Tito and Nasser regarded the Common Market as a threat to nonaligned nations.

In April 1962, the Soviet Foreign Minister, Andrei Gromyko, returned the visit which Koca Popovic had paid to the Soviet Union in July 1961. After a few days of conferences with Tito and other representatives of the Yugoslav regime, a communique was issued which repeated, verbatim, the conclusion of July 1961, to the effect that the views of the Soviet Union and Yugoslavia on the main international problems were "similar or identical." Although little was disclosed about the talks, there were hints in the Yugoslav press that Communist Yugoslavia would join the Comecon (Council for Mutual Economic Assistance), the economic equivalent of the Warsaw military pact, with all the consequences which may ensue, rather than adhere to the Common Market.

On the same occasion, it was announced that the Chairman of the Presidium of the Supreme Soviet, Leonid Breznev, would soon pay a visit of state to Yugoslavia, which would be the first visit of the highest official of the U.S.S.R. to Communist Yugoslavia since the Communists seized power in that country. As for Yugoslavia's activities in Africa, it is worth recording the account of the well-known labor columnist, Victor Riesel, on Tito's aid to pro-Communist Ghana. Riesel describes in detail the very close cooperation between the Yugoslav Communist experts and their Ghanaian counterparts and stresses that at the same time as Tito was borrowing $4.3 million from the Export-Import Bank in Washington, D.C., he was giving lavish credits to Ghana, which was violently attacking over its official radio stations, AFL–CIO President George Meany for condemning Communist colonialism in Europe. In the same broadcasts where it denounced the United States, the Ghanaian radio was defending Red China and the Soviet Union, especially the brutal Soviet intervention in the Budapest uprising of 1956.

In May 1962, the Soviet Premier, Nikita Khrushchev, visited Bulgaria and Rumania, the two Soviet satellites in the Balkans. In both countries, but especially in Bulgaria (Varna), he spoke in very friendly terms of Communist Yugoslavia. The procedure would have been out of place or at least not very diplomatic, if it had not been carefully planned. As it was, Khrushchev was not expressing his personal views or communicating his momentary impressions, but was dictating the obligatory Communist line to be followed by all satellites.

No less significant was the visit of the Yugoslav Foreign Minister, Koca Popovic, to Latin America (Brazil, Chile, Bolivia, and Mexico) in May 1962. Popovic attempted to sabotage the Alliance for Progress and turn trade away from the United States. (Incidentally, all these four countries, opposed sanctions against the Communist regime of Fidel Castro in Cuba, at the Conference at Punta del Este in January 1962.) If we consider the policies which Yugoslav delegations have pursued and influence which various Yugoslav missions have exerted in Asia and Africa in the course of the last 10 years, as well as the general tone of the Yugoslav press and periodicals regarding international problems and the importance of Latin America in the Communist scheme of things, there is no room for guesswork regarding the purpose of Popovic's visit to Latin American capitals. While little was revealed in the press, Popovic and the Brazilian leftist Foreign Minister, Dantas, found it necessary to condemn the U.S. resumption of nuclear tests.

Popovic was most pleasantly surprised to receive an unexpected invitation to visit Washington, D.C., on his way back to Yugoslavia. He seized the opportunity to assure our President that in the present stage of world affairs ideological moments were playing a diminishing role, while national interests were decisive. He did not speak about Communist Yugoslavia's role in the Communist world imperialistic offensive. While Popovic was being received by President Kennedy, it was announced that Tito had been invited to spend his summer vacations in the Soviet Union.

The "religious" front was also very active. The "Patriarch" Alexey of the Russian Orthodox Church, which can hardly be considered more than an agency of the Soviet regime and its secret police, visited "Patriarch" German of the Serbian Orthodox Church. He was accompanied by the notorious "Bishop" Nicodemus (32 years old), who was the chief delegate of the Russian Orthodox Church at the meeting of New Delhi, in December 1961, when it was admitted to the membership of the World Council of Churches. Tito decorated "Patriarch" Alexey for services rendered to "peace and the development and consolidation of peaceful cooperation and friendly relations between the Soviet Union and Yugoslavia."

The press of the free world has recorded that during the parade of May 1, 1962, in Belgrade, the Yugoslav Communist regime displayed 20 new Soviet-made T–54 tanks, "the first such weapons the Yugoslav Communists have obtained since their 1948 ouster from the Soviet bloc" (New York Times, May 2, 1962). Unfortunately the same press has not registered that at the same time, 27 ships were being built in Yugoslavia for the Soviet Union, under supervision of Russian experts.

Even more surprising and disconcerting is that the free-world press paid no attention to the fact that at about the same time, the Russian Ambassador Alexei A. Yepishev left Yugoslavia and returned to Moscow, where he was appointed chief of the political department of the Red army (chief political commissar). To my knowledge, neither our diplomatic observers nor our newspapermen, nor our intelligence sources have ever informed us that Yepishev, who served in Belgrade since 1960, had never been a diplomat, but a colonel-general of the Red army. In Belgrade it is a matter of common knowledge that Yepishev was sent to Belgrade with the special and most important mission of working out plans for the rearming of the Yugoslav army with Soviet weapons. His mission successfully accomplished, he is returning to the Soviet Union and being rewarded with one of the most important positions in the Soviet hierarchy.

According to reliable sources, the delivery of Soviet Russian weapons has been part of a secret Soviet-Yugoslav military pact. That pact will provide Yugoslavia with ground-to-air missiles and Yugoslav "cadres" are already training in the Soviet Union.

In June, an important Yugoslav "parliamentary" delegation, headed by Peter Stamboiic, president of the Federal People's Assembly, member of the Central Committee of the League of Communists of Yugoslavia and member of the Federal Executive Council, visited the Soviet Union to work for the development of closer economic and cultural relations and the consolidation of peace through cooperation of the Socialist forces of both countries.

What do these pertinent and incontrovertible facts of Communist Yugoslavia's policy and relations with the free world and the Communist countries, mean? Two things immediately leap to the eye. First,

Tito's record of the last 12 months is no different in essence from his record of the previous 17 years that he has been in power. Second, that the policy of Communist Yugoslavia has never been anything but Communistic. In view of the fact that in recent discussions the advocates of the policy of aid to Communist regimes have endorsed the concept of conditional aid and written it into the amendment of June 7, 1962. It is well to examine the conditions. With some variations in the wording between the time that they were first formulated and now, the condition could be stated as follows: (1) That the policy of a Communist regime should remain independent; (2) that a Communist government would take no part in any plan or program aimed at Communist world domination; (3) that it would be in the interest of the United States to give aid to such Communist regimes.

It is a well-known fact that semantics and semantic confusion represent a mighty weapon in the hands of the Communists, to create chaos in the minds of their enemies, disorientate them and lead them on courses of disaster and suicide instead of victory. When we consider the use of the word national independence by the promotors of a U.S. policy of aid to Communist regimes, we can distinctly see what havoc the Communists have wrought in our political ideas and upon our thinking. The first thing which must be said is that, as Friedrich Engels proclaimed, some 117 years ago, "communism is a new outlook on life," which has ideas, concepts, terms, yardsticks and aims, different and opposed to those of the liberal, bourgeois, democratic world against which they rose. So, their concept of national independence is not the American concept of national independence, as their concept of democracy is not ours, and their concepts of freedom, self-determination, free elections, education, etc. are radically different from the American concepts.

It is by taking our terminology, emptying the words from their real contents and giving them a distorted meaning, often the opposite of what they have originally meant, that the Communists have turned our ideas and words into weapons to destroy us. Therefore, in trying to interpret Communist policies, it is a suicidal mistake to take the political terminology, ideas and slogans, which the Communists have taken from the free world, in their original sense.

To speak of the independence of a free country from another free country makes sense. To speak of the independence of a Communist country from the center of world communism, the Soviet Union, and from the whole world-wide Communist conspiracy, does not. The essence of communism is not an internal, social, economic, etc. order, different from the order of free Western societies, but it is mainly and basically a world-wide conspiracy to destroy freedom everywhere and to establish a ruthless Communist dictatorship throughout the globe.

The essence of a Communist country, is that it participates in the Communist world imperialism, in the drive to extinguish freedom everywhere and install communism everywhere. If it does not, then it is not a Communist country. If it does, then there is no sense of talking of independence. Communist Yugoslavia is as Communistic a country as the Soviet Union or Red China. Tito, Kardelj, and other Yugoslav Communists have stated countless times that all disputes, differences and divergences between Yugoslavia and Moscow pertain only to the ways and means for spreading and promoting Communist imperialism, never in any case to the essence of the struggle between freedom and communism. Tito, himself, Wladyslaw Gomulka of Poland, has ridiculed the very idea of "national" communism alone and jointly with the other "national" Communist, as a Western invention, which bears no connection to Communist realities.

It is a matter of record, well established and well-known, that Tito not only has never stood aloof from Communist world imperialism, but has played a key role in it, in all crucial areas of the cold war struggle. His most important service to Communist world imperialism was rendered in Asia, from 1952 to 1955, when he succeeded in convincing the Asians, or some of their leading politicians, that communism was no evil, except when combined with and used by imperialism. Otherwise, communism was a very fine idea and order, actually the best guarantee for the aspirations of the undeveloped Asian nations toward freedom, independence, progress, knowledge and a better life for everybody. He used the ensuing years to penetrate Africa, which he has done with the greatest success, with the help of our taxpayers' money. Africa is still a most important area of Tito's political action in favor of world communism. He has also unfolded a Communist diplomatic and political offensive in Latin America. To speak of the independence of Communist Yugoslavia from Moscow and the whole Communist world conspiracy is to disconnect words from any real meaning.

Those who claim that Tito's relations with Moscow have gone through a series of very turbulent phases, are partially right. But they are politically illiterate if they infer that during those phases Tito was undergoing metamorphoses, from a stanch Communist, to a nationalist, a democratic Communist, a neutralist, a moderately communistic Communist, and then back to a Marxist-Leninist purist. A few days ago, a fervent promoter of Tito and Titoism has stated that Tito "is a proud and independent man and he is a Yugoslav." What this author forgets is that Tito is a Communist. As he said himself in 1954: "I owe to our party every achievement I have made. I was an ignorant young man and the party took me, educated me, made me a man, I owe it everything." Whatever real and imaginary conflicts Tito may have had with Stalin and Malenkov and Khrushchev, they never affected in the slightest his being a Communist, i.e. a man completely and unchangeably dedicated to the destruction of the free world and to the worldwide victory of communism. Regardless of the state of his relations with Moscow or Washington, Tito was always promoting Moscow's aims in the world and always fighting for the defeat of the United States.

As for the difference between Communist Yugoslavia and the Soviet Union and the alleged evolution of the system in Yugoslavia toward Western concepts and practices, two considerations are in order. First, the greatest "deviation" from communism was committed in the Soviet Union itself, during the N.E.P. (New Economic Policy) period, 1921–24. Did the Soviet Union then stop being a Communist stronghold.

Second, uniformity in the application of Communist guidelines has never been a principle of Communist policies. This is a fallacy held and propagated by some Westerners who know very little about communism and thus have a very high opinion of it. But much before Nikita Khrushchev proclaimed in 1955 the principle of different way to socialism and communism, Lenin and Stalin had made it very clear that in order to succeed, Communists in every country had to make all possible efforts to adapt the practice to the conditions of the country which they are ruling. The Communist theory "gives only the general premises and directives, which are concretely to be applied differently in France than in Germany and in Germany than in Russia."

What too many Western observers have failed to observe is that the growing differences between communism in practice are simply the result of the spread of communism, which ruled before World War II some 200 million people, whereas it rules now nearly 1 billion people. Growing differences between Communist regimes in various countries stem from the rapid spread of communism and are a sign of Communist successes, not an indication of the disruption of Communist world monolithism of thought, which exists in the minds of some Westerners but not in the policies of the Communists.

It is precisely because of those differences, real and propagandistic, between Communist Yugoslavia and Communist Soviet Union, that Tito has been able to play a unique role in the Communist world imperialistic offensive. It is only owing to those differences that Moscow can leave to Tito to play the role of liaison officer between the world Communist revolution and the neutrals who believe in the possibility of being neutral in a life-and-death struggle between freedom and communism.

Those who assert that the curtailment of U.S. aid to Communist Poland and Yugoslavia would leave no alternative to those countries except to "reassociate themselves with Moscow," are completely dissociated from reality. Both Communist Poland and Communist Yugoslavia have always been and are today associated with the Soviet Union in the huge enterprise of spreading communistic power over the whole world. As long as these countries are ruled by Communists, that condition will not change, for the simple reason that "national communism" is a mirage of some Western circles which prefer to indulge in wishful political dreams than to face reality. Only free countries can be independent. So, talk of the independence of Poland and Yugoslavia makes sense only insofar as we are ready and determined to help them recover their freedom by rejecting their imposed Communist regimes.

The preceding considerations relative to the "independence" of Communist Poland and Yugoslavia or any Communist country, serve also to put the requirement for a Communist country "not to participate in any plan or program of world conquest" in proper perspective.

A Communist country is by Communist definition one that is participating in plans and programs of world conquest. A country which is not participating in such plans and programs is not a Communist country. It is precisely this participation which characterizes the Communist concept of independence. Various Communist countries, can go through periods of strained mutual relations, but what never changes is their foreign policy which supports the interest of the Communist powerholders to remain in power. And the vital precondition for attaining this objective is to keep the basic solidarity with all Communists and to keep working against the free world. Free people and free nations will destroy communism if communism does not destroy freedom everywhere.

In this connection the concepts contained in the letter which Mr. McGeorge Bundy, one of the assistants of the President sent recently to the other body is very disturbing. It deserves a close analysis. First, he asserts that in the Soviet Union an important battle is being fought between the aggressive and the conciliatory Communists, between the "hard-line" Communists and the conversely and necessarily "soft-line" Communists. U.S. foreign policy according to Mr. Bundy, is to aid Communist Poland and Yugoslavia and thus exercise "a continuing and significant pressure in restraint of the more extreme and aggressive actions of world communism." If that aid were cut, he maintains such a curtailment would "play into the hands of those who are most hostile to the United States."

These few words contain a number of grave and dangerous errors. Where and when has Mr. Bundy found any evidence of hard-line and soft-line Communists? Where is the slightest evidence that there are any Com-

munists anywhere who have any other aim than wiping "capitalism," i.e. the free world, above all the United States, off the stage of history? Where is the Communist, or Communist regime, who is harder or softer on this score? There are differences in tactics, hard and offensive ones and soft and soothing ones, destined to lull us into suicidal sleep. But those tactics are employed by all and any Communist, according to the circumstances and the needs of the moment, and are not attached or the distinctive mark of this or that Communist or group of Communists. The tough, hard-line Stalin, was the greatest and most successful protagonist of the soft-line tactics of the united fronts in the thirties and forties. And soft-line Khrushchev has used the most brutal and hard-line methods to smash the Hungarian anti-Communist uprising in 1956.

The distinction between adamant "Stalinists" who hate the United States and the "conciliatory" Communists who are allegedly inclined to practice real coexistence is purely imaginary. Khrushchev was until 1953 a most devoted, subservient and sycophantic henchman and executioner of Stalin. He was also, as late as the C.P.S.U. Congress of 1956 his most fervent glorifier. And then at the Congress of 1956 he made his devastating speech against the crimes of Stalin. But less than a year later, he again sang his praises and declared that as far as communistic dedication is concerned "we are all Stalinists." And then again at the XXII Congress of the Communist Party held in October 1961, he reiterated his denunciation and had Stalin's body removed from the Lenin mausoleum.

The second fundamental mistake of Mr. Bundy is that he implies the hard line is necessarily more harmful, while the softline is less harmful, if not outright friendly to the West. It is, however, a matter of historical record that the "soft" line of anti-fascism and united fronts in the early thirties and in World War II did more to promote communism and harm the West than all the venomous, extreme and outspokenly hostile propaganda of Moscow against the West, during the first 15 years of the Communist seizure power in Russia.

Third, it is certainly naive to believe that our help to Communists has restrained "the more extreme and aggressive actions of world communism." If the Communists deemed today that they are strong enough and ready, would they really be deterred by our delicate maneuvers? And why would the Communists, who have, not through their strength but owing to the Western policy of weakness, grown in a matter of years from 200 to 900 million people, now desist from further aggressive and imperialistic actions against the West and the United States, except for reasons of superior Western military power? By what stretch of imagination and distortion of logic should we be led to believe that our help to Communist regimes would restrain the Communist imperialistic fervor and make them less aggressive?

According to Mr. Bundy our policy of aid to the Communist regimes of Poland and Yugoslavia is maintaining "some range of choice within the bloc." This argument is untenable. Communist regimes established after World War II were not established by the people, but imposed by the Red army troops and Russian political influence and pressure. So, the Communist regimes of the world have no choice but to be on the side of Moscow. If they turn to the people for popular support, they will be wiped away. As for the oppressed peoples, they are allowed no choice whatsoever by the Communist regimes which control them. So, where is that freedom of choice? If it is the choice of Communist regimes to be either with Moscow or with Peiping, which—to say the least, is highly questionable, what importance has that choice for the people who remain Communist-enslaved in either case?

Finally, Mr. Bundy claims that the Proxmire-Lausche amendment of June 6, barring all aid to countries dominated by communism "would remove all opportunity for calculated responses and would freeze us out of any ability to affect affairs in these countries." It is difficult to make out what the formula of "calculated responses" means in terms of political and diplomatic reality. But if stopping aid to Communist regimes would deprive us of the ability to affect the affairs in those countries, then Mr. Bundy could not have produced a more compelling argument in favor of the cessation of all and any kind of aid to any Communists. The effect of our aid has not been, as claimed by the promoters of Tito, Gomulka and other Communist dictators, to promote the welfare of the people concerned or to advance U.S. national interests. It has been to strengthen the Communist regimes which are against their own people and against the United States and to weaken the resistance of the people who are against their imposed Communist regimes and friendly to the United States.

The advocates of aid to Communist regimes have very deftly promoted the confusion between help to the enslaved peoples and help to the enslaving Communist regimes, conveniently forgetting that the one precludes the other. It is a matter of undeniable fact that we have been helping not the oppressed peoples, but their oppressors. By doing that we could not, by any stretch of imagination, have helped the captive peoples. It has been asserted in the heat of recent debates that the tremendously important message of our experience with aid to Communist Yugoslavia has been to show to the peoples of the world that it is possible for a Communist regime to successfully defy Moscow. This is patently untrue. The enslaved peoples, in Yugoslavia or any other enslaved country are against communism as such, not just strictly Moscow communism or Peiping communism or Tito communism of Gomulka communism. The people do not want communism, under whatever label or pretense. Least of all when it is promoted and helped by Washington, which to all enslaved people is the beacon of freedom for all mankind and must never be allowed to appear as just a "western" Moscow or Peiping.

Far from convincing anybody that U.S. aid to Communist dictators was good for the people concerned and good for freedom, that policy is having the contrary effect—it is killing the hopes for freedom and emancipation of the enslaved. Instead of giving them the vision of freedom, it has restricted their hopes to the prospect that the imposed Communist regimes, helped, fed, armed, financed and promoted by the West, may eventually and temporarily relax their hold and become a little less inhuman and beastly. Thus, the people are deserted, they are left to the mercy of the Communist oppressors.

Any policy of help to Communist regimes can by no stretch of imagination or distortion of political logic serve the national interests of the United States of America. The three considerations, the three conditions for giving aid to Communist countries have never been fulfilled and can never be fulfilled.

Communist countries are not independent, they are necessarily engaged in plans and programs of world conquest and helping them is patently against the vital interest of our country.

And this leads us to the final and perhaps most fundamental question, and that is, What is the objective of our foreign policy in the cold war: to beat the enemy, to win, to destroy communism and make freedom prevail in the world, or is it to make accomodations with our mortal enemy, to strive for peace at any price and to set our national objective in the "liberalization" of communism and the granting of "rights" and "freedoms" under communism and only within the framework of Communist regimes?

If the latter should be true, then and only then our Ambassadors to Communist Poland and Communist Yugoslavia, John Moore Cabot and George Kennan are justified in passionately opposing any change in our policy of helping those Communist regimes.

Unless we clarify this most elementary and fundamental point, our deliberations will have no purpose or positive results. The mission of the United States in human history has not been to promote slavery and oppression, but to work for the greatest possible freedom and human dignity of individuals and nations. Today, more than ever, this is the mission and that must be the clear message of U.S. foreign policy. We hear only too often the talk of Communist "polycentrism." Far from meaning that communism is weakening, it means that the number of centers from which communism is spread in the world is increasing. And, by the same token, the number of centers from which freedom radiates is decreasing. Washington, D.C., and the Congress of the United States would betray their most sacred trust if, instead of calling forth freedom fighters in all lands and helping them to liberate themselves from imposed Communist regimes, they were to join the Communists in facilitating the realization of evil Communist schemes by aiding Communist tyrants throughout the world.

The dilemma of the U.S. foreign policy is: to side with the Communist regimes, which enslave their own people and work for the enslavement of the American people, or to side with the oppressed peoples and thus help bring about the greatest rebirth of freedom the world has ever known. Nothing less than the destiny of our Nation depends on the decision we make.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Maryland [Mr. JOHNSON].

Mr. JOHNSON of Maryland. Mr. Chairman, I know of no legislation of greater importance than that now before this body but before speaking on the merits of H.R. 11921, I wish to pay tribute to the very able chairman of the House Foreign Affairs Committee. Every member of the committee was treated with the greatest courtesy; every member had a chance to present amendments with full discussion and throughout the hearings, which extended over several weeks, an opportunity was given to all of us to present our views and to bring to this floor what we felt was a proper concept in our foreign aid program.

I also pay tribute to the minority members of the committee who likewise made a great contribution because the measure before us is without party lines; it is a measure we hope will contribute toward peace and security throughout the world.

Mr. Chairman, all of us know there is a possibility, a looming shadow of world war III. In World Wars I and II we had time and distance as indispensable allies—those allies no longer exist.

In this time of tension, this period of perplexity and high emotions, we should all realize there are yet those peoples on

earth who need our help. We must not deny sufficient help to those people who need to rise above poverty. The sands run swiftly in the hourglass of history. Some believe the hands on the clock are turning toward the midnight of mankind.

We recognize that distressed areas in any part of the free world weaken the strength of the whole free world. Even if there were no threats from communism, I wonder if this Nation can afford to live in an island of comparative luxury and ease while others exist in a sea of poverty, disease and despair. The great question every Member must answer for himself is not, can we afford this program but rather, can we afford to do without it?

Recently Premier Khrushchev stated that the Communists were not behind every revolt throughout the world but they were indeed delighted to take the initiative and exploit the foment of the masses. I say it is time America took the initiative and I believe H.R. 11921 can be used as an effective means toward this end.

Let us not delude ourselves into believing the free world can withstand evergrowing Communist pressure by having allies that are economically weak. It is certain that substandard conditions, if allowed to exist, will serve only as the breeding ground for strife, discontent and revolution. It is interesting to note that the areas were the Communists have succeeded in the past few years have been those in which people have been poorly fed and poorly educated.

It is indeed a prime concern to all of us as to whether the economic conditions of some 1½ billion people can improve their lot under a non-Communist system, gentlemen, the people who will be affected by our decision, your decision and mine, have a per capita income ranging as low as $50 a year compared to the average of $2,500 a year in this great Nation.

I have often joined with critics of our foreign aid program. We have had deplorable waste and misapplication of foreign aid funds. Inept administration of foreign aid has brought forth widespread criticism and rightly so. Furthermore, I have suggested that we should carefully examine our generosity to so-called neutral nations. Since World War II we have conducted a policy of containment with respect to communism rather than engage in an all out effort to roll back the Iron Curtain and in our efforts to aid needy nations we have given more than $8 billion alone to 23 so-called neutral nations. These nations pride themselves on their neutrality, but we should bear in mind when they met in a conference at Belgrade last year they issued a statement condemning the West as "colonists" and "imperialists." Not a word was said however, against Communists imperialism and aggression. Some of these neutralist nations have engaged in making war, yet proclaim themselves to be peace-loving countries. And above all I do not believe we can appropriately preserve our democratic heritage by granting aid and assistance to avowed Communist nations and I also do not believe our espousal of the troika system which we have established in Laos will contribute to the peace and security of the world.

This great Nation has put on the cloak of world leadership. It will not remove the mantle of prestige by abandoning foreign assistance to those struggling masses which desire social and economic progress. The aid we offer must be no less adequate to the needs of the masses than the long term assistance offered by the Communist bloc.

It is imperative that we make our foreign aid programs work better. And I believe this measure will make possible the better attainment of this goal.

Can we afford this new program?

Mr. Chairman, I do not believe we can afford at this time to do without it.

Mrs. BOLTON. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from California [Mr. HIESTAND].

Mr. HIESTAND. Mr. Chairman, the bill, as I read it, gives the President the discretion to award foreign aid to countries which have confiscated American property. It is at the discretion of the President. I feel the House should know from news dispatches that, I quote:

Francisco Brochade da Rocha, Prime Minister of Brazil, elected yesterday, assumed the job, declaring that:

1 He would continue the foreign policy of friendship for Russia advocated by President Goulart.

2. He would continue Goulart's policy of hands off the Cuban dictatorship of Fidel Castro.

3. And he said of the United States:

"The masses have already perceived that they are the victims of international capitalists who do not want to confine themselves to produce and to profit, but to prosper at the cost of impoverishment and spoliation of the country."

Francisco da Rocha was handpicked by President Goulart to be Prime Minister.

Da Rocha is a protege of leftist Governor Leonel Brizola, brother-in-law of Goulart. Da Rocha was Minister of Security and Justice in Brizola's Cabinet. Brizola said he was proud of Da Rocha's selection.

Brizola, who openly espouses an anti-U.S. policy, runs the State of Rio Grande do Sol, has on two occasions illegally seized properties belonging to U.S. citizens, threatens to to do it again.

Brizola has publicly cited Castro as heroic, while attacking the United States.

Mr. Chairman, I feel the House should know these facts and know what we are doing when we continue aid to a country which has merited much friendship and respect in the past, but whose present controlling interests do not seem to be in the best interests of world peace and amity with the United States.

Mr. Chairman, how can we continue to subsidize those who continue to rob us?

Mr. MORGAN. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. WALTER].

Mrs. BOLTON. Mr. Chairman, I yield 3 additional minutes to the gentleman from Pennsylvania.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 6 minutes.

Mr. WALTER. Mr. Chairman, if I had not thought this matter through most carefully, if I were to be guided by emotions rather than by reason, I would undoubtedly be standing here today strongly urging support of an amendment curtailing the authority of the President. But, because I have weighed this matter carefully I feel it would be a terrible mistake if we departed from our present policy—the policy of Eisenhower and of Kennedy.

Not much effort is required from anyone to convince me that the present rulers of Yugoslavia and Poland are Communists. However, our policy is to provide aid and assistance to the people of the two countries—not to its rulers. This makes all the difference.

Freedom, democracy, and republican form of government are all based on people, not on rulers. It is among the people that the free world seeks friends and allies, not among rulers.

Rulers come and go. They are not indestructible. People are.

The last few years have made it abundantly clear that when time or other events provide for a change of Communist rulers who all derive their power from sources other than the people's will, the policies and acts of each of the succeeding rulers are gradually more influenced by the attitudes of the people.

Why? Primarily because of the fact that the Western free world has found ways and means to maintain contracts with the people, the Iron Curtain notwithstanding. And freedom is contagious.

Aid, such as food for the hungry and assistanee in the people's legitimate striving for development and higher standards of living, is one of the elements of the beneficial contacts, beneficial for our side.

The policies applied in the last few years under Presidential determination in Yugoslavia and in Poland have permitted the United States to establish both moral and political bridgeheads in enemy territory. These policies have stimulated or actually caused profound changes. Changes not so much in the minds of the peoples of Yugoslavia and Poland, as they were always on our side, but changes evident in the thinking and even actions taken by members of the governing class of those countries.

It so happens that I am wearing two hats in matters touching on the related subjects of communism and national security. Thus, I have been privileged to observe the policies of Yugoslavia and Poland as they apply to free exchange of visitors and students with this country. I had the opportunity to observe personally the telling attitude of Yugoslavia during the tragic moments when the Hungarian freedom fighters fleeing from the onslaught of the Soviet armored might flocked over the borders of Marshal Tito's domain. Make no mistake about it, it was very difficult for Yugoslavia to grant asylum to these militant anti-Communists and to permit them freely to pass into the free world which opened its hospitality to them.

Mr. Chairman, the slow and laborious process of erosion of the Communist empire built by Stalin after World War II has begun. I say that although I am

not convinced at all that the widely advertised so-called differences between the Red Chinese and Red Russians actually exist. I say that because my studies and my observations of the pattern of Communist behavior in this country and abroad have convinced me that the people behind the Iron Curtain and behind the Bamboo Curtain speak up, louder and louder, with every passing day. The Communist rulers hear it, they hear what began as a murmur and is now a voice.

Shall we now turn around, shackle the President, abandon our gains and let Moscow and Peking proclaim with glee: "See, this is the real United States of America which talks so much about its generosity but prefers to choke with its own food surpluses rather than to feed you."

I am allergic to notions of retreat.

I feel strongly against giving up positions, particularly those holding the potentiality of further advance. We now hold such positions within the Communist satrapies. We shall not abandon them.

I know that the overwhelming majority of Americans feel the same way. Americans like to face their foe, rather than turn their back to him.

I know that these feelings are shared by a very substantial majority of the House and I have no doubt but that the House will refuse to give up the advance positions we have attained in Yugoslavia and in Poland—political, defense, propaganda, and moral positions.

A moment ago I commented on the flight of the Hungarian freedom fighters into Yugoslavia. General Swing, who was then Commissioner of Immigration and Naturalization, and I were very much interested in seeing who these so-called freedom fighters were. We visited their camps in Yugoslavia. General Swing decided it was advisable to fly these Hungarians away from the camps in which they had been located.

In that connection, may I add parenthetically that the Yugoslavs encouraged these young Hungarians to set up their own camp councils through free election of their own people.

When we were discussing the possibility of chartered American commercial planes landing near these camps, one of the highest officials of the Yugoslav Government told us that we should direct our inquiries on the availability of appropriate airports to the American air attaché in Belgrade because he knew more about it than this high official of government. This struck me as being very significant because I am certain—as certain as I am that I am standing here today—that many, very many officials in the echelons below Tito do not subscribe to his philosophy.

Tito is not going to last forever, and it seems to me that we would be making a terrible mistake if we did not leave the door open until such time as we can negotiate with somebody else.

Mrs. BOLTON. Mr. Chairman, I yield the balance of the time on this side to the gentleman from New Jersey [Mr. FRELINGHUYSEN].

(Mr. FRELINGHUYSEN asked and was given permission to revise and extend his remarks.)

Mr. FRELINGHUYSEN. Mr. Chairman, one of my children asked me recently why many Members of the Congress, including this speaker, ask unanimous consent to revise and extend their remarks. Needless to say, one of the reasons is to correct whatever typographical errors may appear. Another reason is that one may think of things to say before he gets on his feet or well after he gets through, but not have so much inspiration during the limited time actually at his disposal. This permission gives us an opportunity to combine what we might have said with what we actually do say.

As I stand here, one of the last speakers during this debate on the bill, I find myself still wondering what specifically should be said about this program. So much has been discussed, sometimes rather heatedly, and yet so much probably still needs to be said. Perhaps the best way to begin is to say that I, myself, believe that this program is one that deserves our support. Although I personally feel the program needs reappraisal, I would venture the prediction that it will receive substantial support as it has in past years.

Nonetheless, having said this, I must admit, as one of my colleagues said to me on the floor, that this program is not popular. There are many reasons for this. Many criticisms have been brought out during the debate on Monday and again today. It is said that it is ineffective; that it is not getting the job done that we had hoped for originally; that we have failed to establish priorities; that we tend to give more consideration to the so-called neutrals, to those unfriendly to us, or perhaps to countries under Communist control than we do to our own friends. There are others who believe that it is too broad in scope; that it would be better if we could prune it drastically, both as to dollar amounts and the type of aid we provide. Criticism has been leveled at the committee, or perhaps the executive branch, because, it was said, too much of the information was highly classified. This was said to have contributed to the public lack of understanding about the program, which might otherwise receive more support.

I myself feel that there is much to be said for this argument about expense. I feel the drain on our supply of gold, the imbalance of payments, is a serious problem. There is no question about that. I do not think we can dodge that issue. The foreign aid program is one of the ways by which we put many dollars abroad, and obviously we do not get them all back. This drain does contribute to our imbalance. By and large, as has been said, most of the money for this program is spent in this country and not abroad. We should, of course, try to improve the program in as many ways as possible so as to leave more of our dollars here. We should make every effort to see that less is spent abroad, if that is possible. No one can argue that the military expenditures of this country and the foreign aid program are major reasons why we have this problem, and they need the closest scrutiny.

In today's papers I noticed that the Treasury Department is more confident than it has been that this problem is getting under control and they see a balance of payments by the end of 1963.

Another subject which has aroused considerable discussion is the question of whether or not Congress should take specific action with respect to expropriation of assets owned by individuals or corporations of the United States. I would like to call attention once again to the language regarding expropriation on page 12 of this bill. This new subsection seems to me both legitimate and an essential part of this bill, because it does give a very clear indication of our unwillingness to provide assistance to those countries which take actions inimical to our own interests. I do not mean that they should not have the right to expropriate, if they feel so inclined, but I do think that adequate compensation must be demanded.

The main question with respect to this section, it seems to me, is whether this authority should refer only to expropriations that may take place from now on. Or should aid also be withheld from any country in which expropriations have already taken place? This matter was thoroughly discussed by the committee. I myself feel that suspension of aid for future expropriations will serve as a warning to all countries. We thus indicate clearly that the climate in the foreign country is of particular importance. I do not believe, however, that we should provide a penalty against countries which have already expropriated property in order to hasten and accelerate the conclusion of satisfactory agreements.

In this connection I should like to comment briefly on the language in the expropriation subsection which authorizes the President to continue aid in those cases where he feels suspension would be inconsistent with the national interest. This provision has been criticized, but I feel it is most important. There are many reasons why it may be inadvisable to subordinate other foreign policy considerations to this problem of expropriation. For example, an agency within some country, or a political subdivision, may expropriate property. If all aid automatically had to be suspended regardless of the relationships between the United States and the foreign country in which the seizure occurred, the consequences might be disadvantageous to our own interests. The argument has been made that this will make it more difficult and not easier to come to satisfactory conclusions.

Mr. Chairman, I would like to take up the perplexing question of whether or not we should provide discretion to the executive branch to provide aid to Communist countries or to Communist-controlled countries. I fail to understand why this has been such a newsworthy issue. Why was it front-page news in the Washington Post of yesterday, and in the New York Times, that the Presi-

dent of the United States had felt it necessary to hold a bipartisan meeting of the leaders of Congress to see if some amendment could be worked out?

I myself feel that we should provide the executive branch of the Government with some degree of flexibility with respect to assistance to these countries. Theirs is the basic responsibility. Nonetheless, I feel very strongly it is the responsibility of Congress to express its concern and its hostility against continuation of such assistance unless the circumstances are so overriding and so vital to the interests of this country that the President should make an exception.

As a practical matter I see no particular gain in leaving this authority with the President of the United States, or the executive branch. Mr. Chairman, if we should deprive the President of this authority completely we would probably not upset in any way the vital security interests of the United States.

Very little aid now goes either to Poland or Yugoslavia.

I am not advocating that we eliminate the President's authority, but I feel that there has been, if I could borrow an expression, a ballooning of this whole issue beyond its fair proportions. I think it is somewhat of a tempest in a teapot, except as an indication of what I think is a legitimate concern on the part of the House of Representatives. There is a restiveness, I might say, and continuing dissatisfaction with the way the executive branch has handled its responsibility both in this and in other fields up to this point.

Mr. Chairman, I think it is entirely appropriate for that reason that we tighten the provisions presently contained in section 620(b) of the act which we passed last year, and in section 143 of the Mutual Security Act which was passed in 1954. In other words, we already have language which should severely restrict appropriations to these countries. I think we can tighten up that language still more.

Mr. Chairman, in conclusion, I feel a blanket restriction on executive authority to be unwise. I feel also it would not be very important, except as a demonstration of the unanimity or the strength of our own feelings here. Conceivably it might prevent flexibility needed in the case of future emergencies. There may be incidents in the future when the executive branch might logically like to capitalize upon. I am not sure whether we can anticipate any highly favorable developments in Yugoslavia or Poland or other countries behind the Iron Curtain but such events do happen. It does seem reasonable that we provide some form of authority to the negotiators, to our ambassadors in foreign countries. They then can, if they feel so inclined, take cognizance of a change in a regime, a change of heart, a move in the direction toward freedom, which we all hope will occur.

Mr. Chairman, I think I have said enough. I trust that we can discuss this bill during the amending process in the same spirit which we have seen evidenced so generally here so far.

Mr. Chairman, I would like at this point to pay special tribute to the very fair-minded, impartial and statesmanlike approach of our chairman, the gentleman from Pennsylvania [Mr. MORGAN].

Mr. RYAN of New York. Mr. Chairman, on Monday, July 9, I presented to the House a proposal for an Inter-American Development Corps which would recruit large numbers of trained people from the United States, Western Europe, and Latin America itself to carry out development programs in Latin America. Economic progress depends upon the widespread diffusion of technical knowledge and skills, so that invested capital can be used productively.

Under the Marshall plan in Europe there were skilled people to undertake the rebuilding of war-ravaged economies. Latin America has no similar reservoir of talent. I think it essential that the Alliance for Progress emphasize the development of Latin America's human resources. This can be done by redirecting funds under the Alliance program.

I also think it important to provide the funds which the administration has requested, so that the Alliance for Progress, which is experimenting in many ways, can achieve its goals. Today I wish to comment on title VI of the Foreign Assistance Act of 1962, the Alliance for Progress.

The administration requested a total of $3 billion for a 4-year program for the Alliance for Progress—$600 million for fiscal year 1963 and $2.4 billion for fiscal years 1964 through 1966.

The Senate version of the bill, S. 2996, leaves intact the total $3 billion request, while specifying $600 million for fiscal 1963 and $800 million for each of the 3 subsequent years.

The version before the House, H.R. 11921, would authorize $600 million for each of the fiscal years 1963 through 1966, or a total of $2.4 billion. This represents a 20-percent cut from the executive department's request and the Senate bill.

Unfortunately, the Foreign Affairs Committee report on the Foreign Assistance Act is barren of reasons for effecting this cut. Newspaper accounts of the committee's action have speculated as to the motivation. According to Norman G. Cormish, of the UPI, in a story which appeared in the Washington Post on May 19, 1962, the cut "showed congressional dissatisfaction over the failure of some Latin American nations to push social and economic reforms in order to qualify for aid." Felix Belair, Jr., in the New York Times on May 24, 1962, also attributed the cut to "dissatisfaction with the lack of progress toward fiscal and land reforms throughout Latin America." According to Mr. Belair:

> Weeks of closed hearings on the bill developed the feeling of most members of the group that Fowler Hamilton, head of the Agency for International Development, and Theodoro [sic] Moscoso, director of the Alliance had "not been tough enough" on Latin American governments.

Certainly a basic premise of the Alliance for Progress is the willingness of the participating Latin American nations to improve their own institutions. The Charter of Punta del Este is explicit on this point. It outlines the basic institutional reforms which are prerequisites to economic modernization.

Some of the countries have taken steps to implement their part of the Alliance. Tax reform measures have been adopted in Venezuela, Colombia, Uruguay, Panama, El Salvador, Costa Rica, and Mexico. In several other countries, tax collection systems have been improved.

With regard to agrarian reform, Bolivia, Mexico, and Venezuela are well along in programs initiated prior to the Alliance for Progress. In Costa Rica and El Salvador legislation has been enacted and programs initiated, although the programs are more limited in scope. Proposals for land reform have recently been introduced in the congresses of Brazil, Chile, Nicaragua, and Peru. In Ecuador, Honduras, and Panama, plans for land reform are in preparation.

Nevertheless, it is true that the general performance in instituting reforms has not been spectacular. There is a tendency to consider the Latin American oligarchies as the major obstacle to the enactment of vital reforms. The conclusion then drawn is that all that is necessary to open the way to reform is to put pressure on the recalcitrant rich and powerful. This leads to demands that the State Department "get tough."

This oversimplified view is inimical to the ultimate success of the Alliance for Progress. We must understand the complex situation confronting many of the Latin American governments as they strive to fulfill their commitments to the Alliance.

The fact is that many other factors influence the pace of reforms in Latin America. The existence of stubborn, shortsighted oligarchies is but a part of the picture. Getting tough is not going to resolve the intricate and varied circumstances militating against prompt action. Indeed, such a policy can only lead to crushing disillusionment since it is bound to fail in its objective.

If we are going to pursue a realistic policy, we must understand the true circumstances obstructing rapid reforms in Latin America.

Of course, oligarchies will resist changes which they regard as threats to their privileged positions.

But we must not forget that the social and economic frameworks which the Latin Americans have agreed to reconstruct are rooted in over four centuries of practice. The Charter of Punta del Este was signed only last August—less than a year ago. It will take time for the Latin American governments to enact and implement complex legislation. We have only to recall how difficult it is to pass a tax bill here in Congress to get an idea of what is entailed in getting tax legislation through a Latin American congress.

Many of the smaller countries labor under a special burden. They simply do not have the technical knowledge to devise suitable tax and agrarian legislation. Even with the best of intentions, more time and assistance will be necessary to produce the essential prerequisites to participate in the program.

Some of the moderate, reform-bent governments have encountered difficulties of another nature. They have long been whiplashed by the left which is too impatient to wait and work for consented reforms. Now attempts to push sweeping changes, albeit constitutionally, stir up the wrath of the right wing, which feels its vested interests threatened. We have witnessed the formation of unholy alliances between the extreme left and the extreme right, determined to destroy reform-minded, democratic governments—as in Venezuela. For political reasons, then, the innovators may find it prudent to go more slowly than either they or we would wish.

Furthermore, talk of social revolution, which is inherent in the Alliance for Progress, frightens the people who still control the resources in most of the Latin American countries. When one of our leaders or theirs talks about social revolution, they envisage a violent, armed revolution, and another $100 million wings off to Switzerland. I make no apology for the entrenched interests, but the conditions of a given country must be taken into account in order to achieve changes without tearing the whole structure apart.

Teodoro Moscoso told the Senate Foreign Relations Committee on April 16, 1962:

> We cannot be satisfied when so little has happened in relation to what must happen and when continued impatience at the rate of change and growth is necessary to stimulate the performance of the Latin American governments.

Of course, we are not satisfied. But an ultimatum to our Alliance officials to get tough will not solve the problem. It would risk provoking not only a traditional nationalistic reaction and a stiffening of conservative opposition, but a further flight of capital from Latin America.

In discussing the complexities involved in achieving Alliance goals, I have mentioned some of the principal obstacles in Latin America. I would not want to leave the impression that there has been no progress. Far from it. The mere existence of the Alliance for Progress is having a salutary effect.

Land and fiscal reforms are now matters of public debate throughout Latin America. This is no trifling accomplishment. A few years ago in some of the Latin American countries anyone who dared to preach such matters was branded an agitator or a Communist. Voices urging timely reform were often forcibly suppressed, and along with them any hope for economic and social progress. Now, under the aegis of the respectable Alliance for Progress, democratic innovators have become respectable members of their communities. No longer can they be silenced by spurious accusations or repression.

The emergence of forces seeking social and economic justice within a framework of freedom and consent is having laudable consequences. Formerly, desperate people in Latin America could find hope for change only in the glittering promises of the Communists or in violent upheaval. Now they have a democratic alternative.

These developments have deep significance for U.S. policy. In the past we faced a dilemma in trying to assist the Latin American people. Ironically, our assistance sometimes led to support of tyrannical regimes. On the other hand, if we withheld aid from a country with a dictatorial government, we were accused of being callous and indifferent to the plight of suffering neighbors.

Under the Alliance for Progress we are committed to direct our help only to those countries which are pushing Alliance goals. We are alined with the progressive forces; we repudiate those who would perpetuate unjust political or social conditions. The Latin American people can see clearly our intentions and purposes. Thus, the sting is pulled from a favorite Communist propaganda weapon; with the Alliance for Progress, the claim that the United States is interested only in its own security, and is indifferent to the welfare of the Latin American people, sounds hollow.

Above all, it is important to remember that we are engaged in a completely new concept of foreign relations. The Alliance for Progress is an unprecedented international undertaking, an attempt to bring revolutionary changes by evolutionary means.

Communist dogma claims that it cannot be done. Communists argue that only a totalitarian regime, abruptly sweeping away the past, can bring meaningful reforms. Cuba attests to their program: out with elections, out with individual liberties, out with foreign enterprise, out with private property.

We believe that freedom and economic justice go hand in hand.

In the Alliance for Progress we are frankly experimenting. Unforeseen problems will surely be encountered. Mistakes will be made. But to surrender to impatience or discouragement is to acknowledge the Communist argument that the problems of underdevelopment cannot be solved by democratic methods. Such defeatism is unthinkable.

In the 11 months since the Charter of Punta del Este was signed the Alliance for Progress has encountered a number of formidable problems. Questions central to the basic theory of the Alliance emerged almost at the start.

The charter of the Alliance presupposes the determination of the recipient countries to make drastic changes in their antiquated economic and social systems and their willingness to make the necessary sacrifices. The difficulty in establishing criteria of self-help measures which would qualify the Latin American Republics for assistance under the Alliance soon became apparent. What measures are to be used among 19 nations whose situations differ markedly? Who is to say whether one country is forging ahead and another dragging behind?

Another perplexing issue revolves around the question of emergency assistance. Shall Alliance criteria be discarded altogether in situations where an economic crisis threatens the stability of a democratic country?

Some of the Latin American countries appealed for and received emergency aid to tide them over periods of dangerous internal instability which imperiled their governments.

On page 22 of the report by the Senate Foreign Relations Committee on the Foreign Assistance Act of 1962, an AID official conceded that—

> From a technical standpoint, a large part of this billion dollars was not used directly for development, but for budget support and balance-of-payments loans. This kind of support, however, is directly related to development and is a necessary prerequisite. In many cases, it has meant the preservation of moderate governments which will, if given a chance, work toward goals of the Alliance.

Nevertheless, a continuation of bail-out assistance on the basis of vague promises only prolongs the unsatisfactory conditions which the Alliance was designed to correct. Unfortunately, the prospect of receiving foreign aid has been one reason why countries have been able to avoid and postpone harsh decisions of fiscal discipline and reform. Moreover, bailout operations for political reasons to some countries have a tendency to undermine the determination to make self-help criteria stick in other cases.

Given the turbulent factors at play in Latin America and the divergent stages of economic, political, and social development in the Latin American republics, it is probably unrealistic to demand that rigid criteria be adhered to across the board.

While every effort should be made to cut down on bail-out operations and to emphasize development assistance, I believe that the responsible executive agencies should be left free to make determinations in individual emergency cases. At the same time Congress will be scrutinizing those decisions.

A problem of a different nature concerns the administration of the Alliance. Life magazine called the Alliance's management a "googleplex." The Washington Post called it "a car with a half-dozen drivers." Newsweek reported in April:

> Many aid experts call it the sickest agency in Washington—torn by dissent, short staffed, mired in bureaucracy.

It is true that there has been confusion during the organizational stage. Arms of the Alliance spread throughout the executive agencies and cross into international organizations. The Departments of State, Agriculture, Commerce, Treasury, as well as the Export-Import Bank, the Peace Corps, the Development Loan Fund, the Organization of American States, and the Inter-American Development Bank all have a role to play. In the wings, not specifically a part of the Alliance machinery but very much engaged in some Alliance objectives, stand the International Monetary Fund, the International Bank for Reconstruction and Development, and branches of the United Nations such as the Economic Commission for Latin America and the

Pan American Health Organization, a branch of the World Health Organization.

The different agencies engaged in Alliance activities use varying criteria as to what constitutes self-help. Sometimes they seem to be working at cross purposes.

But there are extenuating circumstances contributing to the problem.

For years our intellectual community largely ignored Latin America. Economists, academicians and journalists directed their attentions to other areas. Universities dropped Latin American courses from their curriculums. In giving grants, foundations overlooked Latin America. Many foreign service officers considered Latin American assignments less desirable than those in other areas. Young people did not turn to Latin American affairs for a career.

We are now paying for that cultural lag. We have no trained corps to assume responsibility. The good minds which have been brought in now to deal with Latin American problems need time and experience to learn that concepts applicable to other regions cannot be superimposed upon Latin America. Moreover, foreign aid officials, who for years have been instructed to deal on a project-by-project basis and to scorn all-over planning, now must change radically their thinking.

It is reassuring to know that efforts are being made to straighten out the Alliance's basic organization. In line with a Presidential task force recommendation, the aid program is being organized by areas rather than by functions, with Latin America one of the four areas. Alliance personnel, who were scattered through four different buildings, have been pulled into quarters in the Department of State, under the overall guidance of Teodoro Moscoso, the coordinator for the Alliance. Moreover, beginning in April, AID's Alliance men and the Department of State deskmen were brought together at the Department of State, so that the AID man and the State Department desk officer concerned with the same country can work closely together.

The question of organization which has plagued the Washington end of the Alliance has its counterpart in Latin America. Many, if not most, of the Latin American Republics simply do not have enough trained personnel to staff the administrative apparatus.

Mr. Chairman, I have discussed some of the major areas of difficulty in accomplishing the goals of the Alliance for Progress. Problems will inevitably arise in such a complex undertaking. Rather than become exasperated, we must examine the obstacles, develop new approaches, and strengthen the program's administrative machinery.

I question whether a punitive slash in funds for the Alliance for Progress is the way to proceed. It is not going to induce action in those countries where the pace of reform has been slow. Where the traditional clite are responsible for inaction, such a move on our part will be applauded by the very sectors we are trying to get moving. Those who are determined to hold the status quo at any cost fear and disapprove of the Alliance for Progress. They do not want to see the Alliance succeed. Thus, they will regard a cut in funds for the Alliance as an encouragement to continue their obstructionist tactics. On the other hand, a reduction in funds is likely to weaken the position of the progressive elements in Latin America.

I am hopeful that these points will be given consideration when the bill goes to conference. The full amount which the administration requested, and which the other body authorized, should be restored.

Mr. MORGAN. Mr. Chairman, I yield the remaining 10 minutes on this side to the gentleman from Illinois [Mr. O'HARA].

(Mr. O'HARA of Illinois asked and was given permission to revise and extend his remarks.)

Mr. O'HARA of Illinois. Mr. Chairman, this is the close of 5 hours of general debate on a bill that envisions our hope of a brighter tomorrow when the scourge of a godless ideology will forever have been erased and in a world of freedom, economical as well as political freedom, freedom as much as is humanly possible from unnecessary want, freedom from ignorance, freedom from plagues of disease that, with effort, can be prevented, a world of economic and political freedom in which mankind can climb to heights never yet attained.

The subject has been covered in this debate with an understanding and an intelligence that do honor to the traditions of this historic Chamber. My colleagues speaking in opposition in the main have spoken with a restraint that on some previous occasions has not been manifest. I think this bespeaks the universal feeling of the Members of the Congress that the world is at one of the great epochal turning points in history and we dare not err in the direction of our judgments. There are honest differences of opinion on this phase and on that phase, and this is as it should be since, in the resolution of differences, comes forth the chart for our course. None knows that he is right. He advances the thoughts that come into his mind, and even as he argues his mind remains open to change, if the arguments advanced by one in disagreement appear to his reason as possessing more validity than his own.

What is it that we are seeking? What has been the objective of our foreign aid programs that started with lend-lease in 1940 and have been continued for 22 years under 4 Presidents and 11 Congresses? That is the question that each Member of this body should ask himself and if he finds the objective unworthy, he in good conscience should vote against this bill. If, on the other hand, he finds the objective good, an objective that must be reached unless we are to have a world of chaos and of continuing danger, I think he will agree with me that his vote should be "aye."

Progress is not made in the climate of brooding over past mistakes. We learn from our mistakes the technique of avoiding their repetition, even as a child learns to walk from the experience of many falls. If the objective of the foreign aid program is worthy and is necessary to our security, even to our survival, the program must not be thrown away because of past mistakes as a hat drenched by the rain but which can be reblocked and continue to serve its purpose.

As my good friend the gentleman from New Jersey [Mr. GALLAGHER] said:

> The overall goal is the establishment of a peaceful society of world order based on a system of independent nations.

Can anyone question the desirability of such an objective? Indeed, is there any alternative goal that will harmonize with what is in all our minds and deep in all our hearts?

Yet even an old nation cannot remain independent, subject to government by wish and will of its people, if ignorance and disease and gross inequalities in opportunities breed a discontent among its people that makes it easy prey to the evil designs of a Communist dictator.

With the new emerging nations unless there be a helping hand in getting their economies in order, and in launching constructive programs, there is no chance of escape from seizure by the godless hand of a godless ideology.

Mr. Chairman, I concede there is a place in the debate on foreign aid for that little word "giveaway." But the connotation is not that of those who apply it in opposition to the foreign aid program. Not to continue the foreign aid program would be to give away the world to the Communists. The defeat of this bill would be tantamount to giving away our place in the world of freedom of which we dream. It would be giving away the rich markets for the products of our factories that reasonably can be expected if we help the less-developed nations to a buying power for our goods. Yes, Mr. Chairman, if we wish to give away 700,000 American jobs and at a time when automation and other causes are contributing to a growing unemployment, all we have to do is defeat this bill. You will find the figures on pages 951 and 952 of the hearings, official figures supplied by our former distinguished colleague, Andrew J. Biemiller, now director of the Department of Legislation of AFL–CIO. These figures show that at least 700,000 jobs of U.S. workers are attributable to the foreign aid program.

So, Mr. Chairman, I accept as having application to this debate that little old word "giveaway" and I throw it back at those who brought it into this debate. I do not wish to give away the world to the Communists. I do not wish to give away the rich markets that our present investments in foreign aid are making possible for our future advantage and certainly I do not wish to give away 700,000 American jobs and at a time when we need jobs badly. So not being for such a giveaway, I shall vote for this bill.

This in my judgment is the best foreign aid bill that has ever been brought before the Congress. I think that is the feeling of all the members of the Committee on Foreign Affairs, including the 2 members who signed a minority statement, 2 out of the committee of

32. But, of course, I am not authorized to speak for them.

For my colleagues, the gentlewoman from Illinois [Mrs. CHURCH] and the gentleman from Indiana [Mr. ADAIR], I have both warm affection and a deep respect for their sincerity. They are reaching out for perfection, for something which as a miracle suddenly, as in a twinkling of an eye, will transform a world of change and of uneasiness into a world of order, of quietude and of paradise. I join with them in the prayer for that miracle. But they do not offer any alternative. That, Mr. Chairman, I contend is the all-important issue. Either we continue our foreign aid program strengthened and improved each year by the experiences of past years, or we give up the ship. Either we continue in our generation with the same faith and courage of those of other generations of Americans or we leave the field of battle, disorganized and disheartened, to the forces of communism.

It is easy to make talks against communism, and certainly communism should be exposed not only to our own people but to the peoples of the world as a godless ideology that reduces man to the lowest level of gross materialism. But, Mr. Chairman, the vote on this bill I maintain is the real test. There is no alternative program. Either we continue with our foreign aid or we abandon the world to communism. This would be the tragedy of the ages.

Let me assure this committee that communism is now standing on the last fringe of a lost battlefield. There is every indication of its complete collapse, the same collapse that always in the long history of mankind has come to ideologies that separated man from his faith in something higher and nobler than the drudgery and the hopelessness of animal existence. Does anyone in this Chamber desire that we give the shot in the arm to a collapsing and dying ideology by voting to end our effort at the very moment when we are on the brink of victory? If anyone really wishes to aid and abet the Communist cause, he will vote against this bill.

I have said that this is the best foreign aid bill that has come to the Congress in the 22 years of the history of foreign aid under 4 Presidents and 11 Congresses. I have not the time to go into detail, and indeed that would be repetitious after 5 hours of general debate during which the subject has been so thoroughly discussed. But permit me to emphasize one phase. There was a time when we gave large and occasionally unwise grants. There was a time when in our inexperience we gave loans that were too soft. Under the present program of the Agency for International Development, we are making loans repayable in dollars and the loans in many instances are being made to sound banking institutions in new emerging nations, furnishing these banks money to loan to small businesses, businesses that employ local personnel and use in their operations local products. Can anyone question the soundness of these loans? They will result in the building of local economies employing local people and using local products, and they will be repaid to the local banks exactly as similar loans are made and paid by the lenders in our own United States. And, of course, this inevitably means that the loans advanced by our country will be repaid. As chairman of the Subcommittee on Africa, I have examined the loans made to Africa under our new program, and in my opinion, they are all sound and all will be repaid in full and in American dollars.

Mr. Chairman, in closing I wish to express my deep appreciation of the privilege given me to serve on the Committee on Foreign Affairs. With every member of that committee, whether it was in the time of a Republican administration or a Democratic administration, there has been an unbroken adherence to the rule that politics ends at the ocean line. My distinguished and my beloved colleague from Minnesota, Dr. JUDD, certainly on party lines a faithful champion of the party of his conviction, voiced the sentiment of our committee, the sentiment on both the Republican and Democratic sides, when he said:

> I do not believe the Congress ought to take action that would handcuff the President of the United States and make it impossible for him to have the flexibility necessary to deal with new situations in the exercise of his responsibility for the conduct of our foreign relations. He knows more about developments in this field than we can possibly know.

The gentleman from Minnesota, Dr. JUDD, was speaking of the President of the United States. It is the President of the United States who has the responsibility in the conduct of our foreign policy. In the administrations of President Truman, President Eisenhower, and President Kennedy, I, with the gentleman from Minnesota, Dr. JUDD, and I think all of the members of our committee, gave full and loyal support to the President of the United States; and I cannot recall one instance when we were asked to vote a lack of confidence in the President of the United States by placing him in handcuffs. I trust that the members of this committee on the other side of the aisle will remember the gentleman from Minnesota, Dr. JUDD's counsel, when an amendment is offered denying to the President of the United States the flexibility that is required if emergencies should arise, great emergencies that require immediate action, and there is no time to reconvene the Congress. Mr. Chairman, we are on the eve of triumph over the evil forces of communism. This is not the time to err. This is not the time to take backward steps. This is not the time when victory is in sight to unfold our colors and to retreat. This is not the time to outmode the old, old rule that politics end at the ocean line. There is no alternative to the foreign aid bill that soon you will be voting on. Either this bill is passed, and relatively unchanged by amendment, or we abandon the field and give the world over to communism.

The CHAIRMAN. The time of the gentleman has expired. All time has expired.

The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1962".

PART I—ACT FOR INTERNATIONAL DEVELOPMENT OF 1961

Chapter 1—Short title and policy

SEC. 101. The fifth paragraph of section 102 of the Foreign Assistance Act of 1961, as amended, containing a statement of policy, is amended by inserting in the fifth paragraph, immediately after "religion.", the following: "The Congress further declares that any attempt by foreign nations to make distinctions between American citizens because of race, color, or religion in the granting of personal or commercial access or in the exercise of any other rights available to American citizens, or the use by any foreign nation of assistance made available by the United States to carry out any program or activity of such nation in the course of which discrimination is practiced against any citizen of the United States by reason of his race, color, or religion is repugnant to our principles; and in all negotiations with any foreign nation with respect to any funds appropriated under authority of this Act, these principles shall be applied. The Secretary of State shall report annually on the measures taken to apply the principles stated above."

The CHAIRMAN. For what purpose does the gentleman from Texas [Mr. WRIGHT] rise?

Mr. WRIGHT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WRIGHT: In chapter I, section 101, on page 2 following line 15, insert the following:

"The Congress further declares that in the administration of programs of assistance under this Act, the highest practicable emphasis should be given to: programs providing for loans or loan guarantees for use by institutions and organizations in making repayable low-interest rate loans to individuals in friendly foreign countries for the purchase of small farms, the purchase of homes, the establishment, equipment and strengthening of small independent business concerns, acquisition of tools or equipment needed by individuals for carrying on an occupation or a trade, or financing the opportunity for individuals to obtain practical education in vocational and occupational skills, and to those programs of technical assistance and development which will assist in carrying out and in preparing a favorable environment for such programs. While recognizing that special requirements, differing development needs and political conditions in various assisted countries will affect the priority of such programs and of each country's relative ability to implement them, it is further the sense of Congress that each such assisted country should be encouraged to give adequate recognition to such needs of the people in the preparation of national development programs."

Mr. WRIGHT. Mr. Chairman, this amendment goes to the very heart of what we are seeking to accomplish. Permit me to repeat here at the outset the essential provision of the amendment. The Congress in adopting this amendatory language would direct that our foreign assistance efforts be administered so as to place their prime emphasis upon—and I read:

Programs providing for loans or loan guarantees for use by institutions and or-

ganizations in making repayable low-interest rate loans to individuals in friendly foreign countries for the purchase of small farms, the purchase of homes, the establishment, equipment and strengthening of small independent business concerns, acquisition of tools or equipment needed by individuals for carrying on a trade, or financing the opportunity for individuals to obtain practical education in vocational and occupational skills.

Mr. Chairman, I believe that this amendment expresses the prevailing sense of the Congress concerning the proper and most effective direction for our foreign assistance programs. This amendment addresses itself to, and comes to grip with four of the most frequently voiced objections to the foreign aid program.

What do we hear when we hear thoughtful and constructive criticisms of the administration of the program? First of all, I think we hear that too much emphasis has been placed in the past upon outright grants rather than upon repayable loans. I think it has been a valid criticism in some cases.

Second, I think we hear that foreign aid money sometimes has not filtered down to the average people in those countries we are trying to assist.

Third, I believe we hear that the program has not always actively encouraged free enterprise, the individual ownership of farms, homes, and small businesses.

And, finally, I believe we hear that too much stress has been placed on some of the big grandiose projects that are too far removed from the lives of the average people to have much real grassroots impact.

To a greater or lesser extent, I think we must concede that there has been some validity in each of these objections.

Now the key words in this amendment are "repayable, low-interest rate loans." While these loans might be made available either through private American lending institutions or through local institutions and matching guarantees by local governments, their object is not governments but individuals—people.

This might be called a grassroots approach. I think it is a free enterprise approach. If we are to develop viable economies in these friendly nations of the world that we are trying to help, then those economies will have to be based on widespread, individual ownership and individual opportunity. That is what we have proven in the past 175 years as a nation. What the individual citizenry in these friendly countries has needed is not a handout—but a hand. In many of these countries the great bottleneck to developing healthy economies has been the utter lack of any system of available credit to a private citizen at other than usuriously and unconscionably high interest rates. This is perhaps the most basic of the reasons why these countries are underdeveloped and why they remain underdeveloped.

For countless generations in many of these lands, a person born into a low and modest situation has been condemned to remain forever in those circumstances. He has had no opportunity, no hope of ever bettering his own economic condition, of creating a more hopeful future for his children, no hope for education, no hope of ever actually owning a little house or having a few acres of his own, no hope of ever purchasing even the most rudimentary agricultural equipment, no hope of ever going into any sort of business for himself, or of achieving in any degree any better status.

This naturally has produced unrest. It creates dissatisfaction with the government. It has spawned revolution after revolution. This is the vacuum into which Castro came where 90 percent of the people did not own 1 inch of real estate, did not have one penny of equity, and could not get a penny's worth of equity in any real property because they could not get any credit.

This is the vacuum into which Castro came with his cruel promises and patented panaceas.

This is the cauldron of long-suppressed aspirations that the Communists have exploited. Where the people can see no hope of ever achieving their legitimate aspirations through the slow and orderly processes of evolutionary government, they turn in desperation to revolutionary means and this more often than not works against the interests of themselves as well as of the United States.

The way to save and strengthen democracy in the underdeveloped world is to show that these legitimate aspirations of the plain people can be achieved, and better achieved, through the processes of free government. It is to show that a strong and viable national economy can be built, and better built, upon the rock of individual opportunity. It is not good enough simply to tell them that communism is the wrong way. Let us show them that there is a right way. For there is a right way to achieve their legitimate objectives of improving individual opportunity for the average people. It is the way we have followed here in the United States. Let us show them the right way.

Consider what was done by Father Dan McLellan in Peru where he started what was regarded as a futile and hopeless project among the Indians in the mountainous country near Puno, Peru. The natives had no money, had no credit, and could not buy or rent land, could not afford to buy seed, fertilizer, or even the most rudimentary agricultural instruments.

The CHAIRMAN. The time of the gentleman from Texas has expired.

(On request of Mr. EDMONDSON and by unanimous consent, Mr. WRIGHT was allowed to proceed for 5 additional minutes.)

Mr. WRIGHT. The story of what Father Dan McLellan did is perhaps one of the most inspiring stories I have ever heard. It is a success story, a story of the way in which a man who believed in people could help them, mainly just by believing in them. He did something nobody had previously dared do. The institutional lenders told him it was hopeless, that the Peruvian Indians were beyond help. He established a credit union among the poor Indians of this little village. He got together 23 of them. They were able to secure $30 among them to begin their credit union. But the plan worked and it grew so rapidly that from that modest beginning, within 2 years there were not 23, but some 400 members of this union, and credit unions sped throughout the entire country of Peru.

The first $150,000 that was lent in small amounts to individuals was repaid at such a fantastic rate of repayment that on this $150,000 there was a bad debt loss of only $80.

This proves to me what can happen when you give them a chance, a chance that they have never had, give them a chance to pull themselves up by their bootstraps where they never had any bootstraps before. You can build a sound economy through this free enterprise, individual ownership system. We believe in it, and if we believe in it we ought to be spreading it everywhere. I think it ought to be the basic approach to our foreign aid effort.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield to the distinguished gentleman from Minnesota.

Mr. JUDD. What the gentleman is saying, I judge, is that we are finding in our work abroad what we long ago learned at home, namely, that the things people need most in order to increase production so they can improve their condition is, first, tools and know-how; and second, credit.

It does not do much good to give them the skills and the ability to farm better, if they do not have the credit by which they can acquire the tools or the seed or the fertilizer to enable them to use these new skills. What we have been trying to do in less developed countries is share technical skills. We ought also to make available credit on a reasonable basis so that the people can do the things they have been taught. This is a sound program, and I think we ought to support it.

Mr. WRIGHT. I thank the gentleman for his comments and am greatly pleased that he agrees with what I have been trying to say.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield with pleasure to the gentleman from Oklahoma.

Mr. EDMONDSON. I would like to express the appreciation of one Member to the gentleman from Texas for his leadership with regard to this amendment. It is something that the Congress should say forcefully and eloquently in connection with this bill. I have no doubt that it reflects the views of the members of the Committee on Foreign Affairs, a majority of them on both sides of the aisle, and I honestly hope the amendment will be adopted unanimously.

Mr. WRIGHT. I thank the gentleman, and wish also to thank him for his own splendid and extremely helpful efforts in working with me in the drafting of this amendment.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from Florida.

Mr. FASCELL. I would also like to commend the gentleman from Texas for writing out this legislative policy language that the Committee on Foreign Affairs has stressed time and time again in its various committee reports, in its special committees on study missions around the world.

I recall the Pilcher subcommittee in the report of which committee this recommendation was made. I also recall the Selden subcommittee, and the chairman's own subcommittee. Therefore, it seems to me that emphasizing at this time these purposes which the committee has over and over again urged as administrative policy matters and writing it into legislative language is timely and urgent, and I therefore commend the gentleman.

Mr. WRIGHT. I thank the gentleman.

Mr. MORGAN. Mr. Chairman, the committee has worked closely with the gentleman from Texas on this amendment during the last 10 days. The amendment reflects a number of suggestions made by the committee.

As the gentleman from Florida stated, many of the committee reports in recent years have emphasized two points contained in this amendment.

After consultation with the ranking Member on the minority side, the committee has no objection to the gentleman's amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. WRIGHT].

The amendment was agreed to.

Mr. ROOSEVELT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to ask the distinguished chairman of the Committee on Foreign Affairs whether it is the intention of the committee to support an amendment to section 302 containing similar language to that inserted in the bill in the other body by a Senator from New York.

Mr. MORGAN. That amendment is going to be offered by the gentleman from New York [Mr. FARBSTEIN], and he can answer the question.

Mr. ROOSEVELT. I thank the gentleman. I will not make any further comment until the amendment is offered.

Mr. HALPERN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HALPERN:

On page 1, line 8, after "SEC. 101", insert the following: "(a)".

On page 2, between lines 15 and 16, insert the following: "(b)".

Such section is further amended by inserting after the seventh paragraph the following:

"It is the sense of Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military or propaganda efforts, supported by the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this Act."

Mr. HALPERN. Mr. Chairman, this amendment expresses the sense of Congress that primary consideration should be given to those countries that do not divert their own economic resources to military or propaganda efforts supported by the Soviet Union or Communist China which are directed against the United States or other friends of the United States. Identical provisions, offered by the distinguished junior Senator from New York [Mr. KEATING] were adopted in the Senate bill.

The purpose of the amendment is twofold:

First, it sets forth that the aim of our foreign aid program is to encourage nations to be peace-loving, respectful of freedom and justice, and understanding of American ideals. This language should be permanently in the policy statement of this act to remind ourselves and the world that mere independence is not all we require—that there are other values and principles we cherish and we want to have these values understood and appreciated by those we choose to assist.

Second, the amendment serves as a useful warning against nations diverting their economic resources in military adventures aimed at other nations participating in this program. Their resources should be used for economic development—not for Communist-supported propaganda and military efforts. No nation is individually named but the amendment serves a clear warning to all.

In brief, the amendment provides guidelines for the program instead of the existing blank check to the Executive for discretionary authority.

Mr. Chairman, the American taxpayers are fed up with our granting of assistance to nations which use their economic resources to buy arms and military assistance from the Soviets. The amendment is aimed at meeting such a situation. It does not tie the President's hands in any way but it does set forth that we mean business.

Under this provision, a recommendation of reconsideration of aid to Nasser's Egypt, a flagrant example of abuse and misappropriation of our assistance, is clearly called for. American aid to Egypt may go as high as $200 million this year. At the same time Nassar is stepping up his propaganda broadcasts throughout the Middle East and in particular, Africa—stirring up hatred of so-called Western imperialism. Also, we are shocked to learn recently of Russia's sale of a number of later model super Migs to Nasser. This development emphasizes the need of reconsideration of our plans for aid to Egypt.

I would like, Mr. Chairman, if I may, elaborate at this point.

Mr. Chairman, consistent with my amendment the statement of policy defining the objectives of section 102 stresses that the purpose of American assistance is to promote freedom and security in the world. If that is correct, I ask how can we aid a country like Egypt whose President Nasser has just publicly announced warlike plans and aggression? In a speech before the Egyptian National Congress of Peoples' Forces at Cairo University on July 2, Mr. Nasser bragged that his budget for military purposes has been vastly increased.

The U.S. taxpayer is to finance his domestic budget while Egyptian money is paid to the Soviet Union for munitions of war.

Mr. Nasser asked, and I quote:

> Why this budget? Because we are preparing. We are strengthening our air force, army, and navy.

He made it clear that now that the Algerian revolution has succeeded, the Arab world, led by the armies and Russian jets of Nasser's Egypt, should prepare for the final attack on Israel. He said that the Arab victory in Algeria was "the harbinger for the downfall of another base for imperialism in the Levant—and I mean Israel."

Those were the words of Mr. Nasser who is bankrupting his nation, putting it in hock, to buy Soviet jet bombers, and even the new Soviet Mig 21 jets that fire a missile of the Sidewinder type.

Mr. Nasser is counting on us to pick up the tab for his domestic needs while he holds forth as the Castro of the Near East. Nasser counts on our financing of a regime bent on war and aggression to relieve its domestic economy so that it can buy more jets from Russia and pay for more Soviet technicians and East German Communist jet pilots.

It would be interesting to compare what Nasser is paying for these mammoth purchases and what we are giving Egypt in loans and grants in the current and the next fiscal year. Can we permit the exploitation of our taxpayers for such ridiculously counterproductive purposes? This highlights the need for such an amendment as I am proposing.

I was shocked by the recent news that Egypt has received the first 40 of the Soviet Union's hottest jet fighter planes. This Mig–21's fly at 1 200 miles per hour, are armed with the deadly Sidewinder-type missiles and represent a terrible threat to the peace of the Near East.

Nasser has boasted that his new military budget amounts to $350 million, an amount approximately equal to the economic aid and loans we propose to make available to Egypt.

It seems to me that we must take a hard new look at the massive aid program pending for Egypt. Thus the need for the proposed amendment is apparent. The priority in an underdeveloped nation like Egypt, if its leadership were at all responsible, would be on human welfare and peaceful development. I do not see how we can in good conscience subsidize, however indirectly, the build-up of a dangerous war machine, geared to the Soviet military establishment. If Egypt requires spare parts for its jets, tanks, guns, or submarines, it is totally dependent on Russian depots and its army training programs are linked to camps and bases in the Soviet Union. Are we to facilitate the expansion of Soviet military supply liaisons with this nation? Or are we to serve notice we will not tolerate such circumstances?

There are other countries which might be mentioned. No nation is named specifically in the amendment. But, the purpose of the amendment is to put the principles cited here into the policy statement of the aid bill.

Mr. Chairman, this amendment offers clear guidelines for our aid program—it represents principles that I am certain every colleague supports. Therefore, I urge that the language of the amendment be written into the bill so that we do not abdicate our legitimate legislative concern over our foreign assistance program.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. HALPERN. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. I wonder if the gentleman could enlighten me about his reference to the establishment of priorities that he contemplates under this language. I see no reference to any priority.

Mr. HALPERN. That is an obvious inference.

Mr. FRELINGHUYSEN. In your statement on the amendment you refer to the necessity of establishing priorities, or giving primary consideration to certain countries.

Mr. HALPERN. No; that is not necessarily spelled out in the amendment. It speaks for itself.

Mr. FRELINGHUYSEN. The gentleman used some such expression. The other expression the gentleman used was with reference to warning countries.

Mr. HALPERN. That is exactly right.

Mr. FRELINGHUYSEN. The language you advocate does not say that under certain circumstances aid will be withheld.

Mr. HALPERN. It is a clear-cut expression by Congress as spelled out in the declaration of policy, that we consider the attitude of each country toward the United States and its proper utilization of our funds for economic development and not for the diversion of its own funds for Soviet-supported propaganda or military efforts.

Mr. FRELINGHUYSEN. Then, this does not establish elimination of assistance to certain countries or establish priorities?

Mr. HALPERN. This is a clear guideline—I made clear in my statement, that it is an expression of the sense of Congress. In my extension of remarks I will clarify the point that you raised.

(Mr. HALPERN asked and was given permission to revise and extend his remarks.)

Mr. GALLAGHER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this amendment was submitted to the committee. We reviewed it. There has been unanimity of feeling as to the purpose of the amendment, and as such I am authorized to say that the committee will accept the amendment.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from Minnesota.

Mr. JUDD. We feel that wherever there are countries that are alined with the United States in this world struggle and have the courage to take a position to that effect, and other countries are lukewarm or even hostile to our positions, some priority ought to be given to the former. We should concentrate our efforts first on assisting those that are making the best effort they can with their resources for the same general purposes as our own. This is merely a reaffirmation of what we have always had as an objective of the foreign aid act, and I see no objection to the amendment; in fact, there are positive reasons for writing it out as our opinion a little more clearly than we have heretofore.

Mr. GALLAGHER. The gentleman is correct. Further I might add that it follows the guidelines of a policy that President Kennedy was concerned with following the Belgrade Conference.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. HALPERN].

The amendment was agreed to.

Mr. JONES of Missouri. Mr. Chairman, I move to strike the requisite number of words.

(Mr. JONES of Missouri asked and was given permission to revise and extend his remarks.)

Mr. JONES of Missouri. Mr. Chairman, since I was unable to get any time under the general debate limitation, I desire to take this opportunity to make reference to some of the special programs of the United Nations.

Members of the House will recall that last year, when the appropriation bill was before the House for the foreign aid program, I made an effort to limit the contribution of the United States to any special fund to not more than 50 percent of the amount to be expended, the theory being that if the United States is going to contribute more than 50 percent of the amount of any fund, it should exercise complete control over that fund, in my opinion.

Mr. Chairman, I notice on page 58 of the report on this bill the following wording:

(b) Contributions to the United Nations expanded program of technical assistance and the United Nations special fund for the calendar years succeeding 1961 may not exceed 40 per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each such year.

When I first read that language, I had the impression it meant none of the contributions could exceed 40 percent. Yet, as I pointed out last year, in the United Nations Relief and Works Agency for the Palestine Refugees, for the year before, we had contributed 90 percent of the cost of that program while at the same time they were using our funds for buying surplus commodities, specifically wheat, from other countries. When I inquired of the Commission operating that program as to why they did that, representatives of that Commission stated that the price of American wheat was too high.

Mr. Chairman, I would like to ask the chairman of the Committee on Foreign Affairs, the gentleman from Pennsylvania [Mr. MORGAN], if the gentleman will enumerate some of the programs where we are now contributing more than 50 percent of the total cost of such programs, and to also indicate that when we reach that point in the reading of the bill, because I intend to offer an amendment to limit the contribution of the United States to any special program at not more than 50 percent. If the gentleman does not mind, would the gentleman give me the names of the programs in which we do spend more than 50 percent? I would appreciate having such information.

Mr. MORGAN. Mr. Chairman, if the gentleman will yield, our contribution to the Organization of American States is 70 percent. Our contribution to the children's fund—UNICEF—is 44 percent. Our contribution to the Palestine Refugee Fund is about 70 percent. Those are the organizations which our contribution is over 50 percent as far as I can see after a quick review of the material I have with me.

Mr. JONES of Missouri. I wonder if the distinguished chairman could tell me if there has been a reduction in the amount of our contribution, say, to the United Nations Relief Works Agency for the Palestine Refugees? The gentleman said it was 70 percent now. As I recall, year before last it was 90 percent.

Mr. MORGAN. Yes. There has been a reduction. For this fiscal year it would be around 70 percent.

Mr. JONES of Missouri. Can the gentleman tell me—I dislike taking this much time—the justification for our contributing 70 percent to a program over which we have no control at all? Is that good business?

Mr. MORGAN. It is a vital part of the peacekeeping machinery in that area which is of great strategic importance to the United States. There are only four or five nations that contribute to this program.

Mr. JONES of Missouri. Permit me to ask the gentleman this question: Does not the gentleman think that any time we contribute 50 percent of the total cost of a program, by retaining complete control over it we could come more nearly to reaching our objectives and carrying out the announced purposes of that program than we could by contributing 70 percent and then letting some other country dictate how that money is to be expended?

Mr. MORGAN. I think we have pretty good control of that program. The head of the program has always been an American. He is now Mr. Davis and before it was Mr. Labouisse, former head of the foreign aid program.

Mr. JONES of Missouri. The head of the program of United Nation's Relief Works Agency was not an American. We had one American on it; we had one from New Zealand and one from Great Britain and we were outvoted.

The CHAIRMAN. The time of the gentleman from Missouri [Mr. JONES] has expired.

The Clerk read as follows:

Page 2, line 16:

"CHAPTER 2—DEVELOPMENT ASSISTANCE"

Mr. HARDY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARDY: On page 2, after line 16, insert the following:

"TITLE I—DEVELOPMENT LOAN FUND

"SEC. 102. Section 201 of the Foreign Assistance Act of 1961, as amended, which relates to general authority with respect to development loans, is amended by adding at the end thereof the following:

"'(e) In carrying out this title, the President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of $50,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans.'"

Mr. HARDY. Mr. Chairman, I have a second amendment to another section of the bill that is identical in purport and practically identical in language. I ask unanimous consent that it may be considered with the amendment just read.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. HARDY: On page 7, after line 9, insert the following:

"(e) The President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of $50,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans."

Mr. HARDY. Mr. Chairman, 2 years ago my subcommittee made a study of the operations of the Development Loan Fund. One of the principal matters to engage our attention in that study was a practice which had developed within that agency of earmarking, or setting aside funds for a particular government, subject to the later approval by DLF of projects or programs on which these funds could be used. We found that the so-called earmarking placed the Development Loan Fund under extremely strong pressure to approve something as rapidly as possible, whether the subject of the approval had been properly planned or not. Once the recipient government had been led to believe that we would give them aid in a certain amount, some of them took the view that DLF was being merely bureaucratic if it scrutinized too closely the use to which that aid was to be put. In illustration of this, we found that a $37.5 million earmark which was made to one country led to a situtaion in which DLF found it virtually impossible to deal with the government on a businesslike basis concerning particular projects. And in another country, a $40 million earmark placed the DLF Board in the position of trying to evaluate that country's proposed projects in terms of whether they fitted the earmark, rather than whether they benefited that country's economy. In connection with the $37.5 million earmark which I have just referred to, DLF's loan officer wrote:

We are rapidly reaching a point in the use of the above allocation where the problems of the allocation itself constitute an obstacle to the orderly processing of applications.

As a result of these findings, the subcommittee recommended that the Congress consider appropriate legislation to put an end to the practice of "earmarking," under whatever name, and this the Congress did by writing into the DLF authorization in the 1961 program language substantially identical to the language contained in the two amendments which I am offering today, one of which applies to the DLF and the other to the Alliance for Progress.

One would have thought that the 1961 action of the Congress would have been sufficient to make clear the intent of the Congress and that henceforth the practice of earmarking or setting aside of aid funds in advance of proper planning would be discontinued. However, I find that this is not the case, and the Agency for International Development is now doing the same thing under another name. "Earmarking" is now known as contingent commitment.

Under the Alliance for Progress alone "contingent commitments," or "earmarkings," have totaled $851 million. This, of course, will result in tremendous pressures on our aid officials to approve projects and programs on which this money can be spent. And as these pressures increase, proper planning and orderly administration will decrease.

This, then, is the problem to which my amendments are addressed, and, as I have said previously, the language is substantially identical to the language which prohibited earmarking by the Development Loan Fund when that fund was a separate agency, and I hope the Chairman will accept them.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. As I understand the gentleman's amendment, this prohibits the advance commitment of development loan funds unless there is advance notice how the funds will be used or the President determines that it is in the national interest to use such funds pursuant to multilateral plans.

Mr. HARDY. That is correct.

Mr. MORGAN. I remember last year when we wrote the Foreign Assistance Act this section was omitted because the Executive said it was inconsistent when the basic emphasis was put on commitments for the Development Loan Fund. The gentleman has stated that his investigation has turned up what has changed his mind about the bill from 1961 to the bill this year.

Mr. HARDY. I have said to the gentleman they are now using the term "contingent commitment." The gentleman knows just as I do and everybody in this House knows that when the Department of State or the Agency for International Development announces one of these allocations of funds, in the eyes of the people in the recipient country it constitutes a firm commitment binding on the U.S. Government, because the people are not told in plain language that there is anything contingent about the commitment. The problems that this creates are manifest, and I trust that the amendments I am offering will remedy the situation.

Mr. MORGAN. The gentleman's amendment on page 7 applies to the Alliance for Progress?

Mr. HARDY. That is right.

Mr. MORGAN. Mr. Chairman, the committee is familiar with both these amendments and has no objection to them.

Mr. HARDY. I thank the gentleman.

Mr. RANDALL. Mr. Chairman, I wish to congratulate the gentleman from Virginia [Mr. HARDY] for his always worthwhile and I may add excellent efforts to improve the language and content of the foreign aid bills as they come before the House year after year. It is not simply a question of improvement of the language but in the effect of the amendments which have been adopted. It was particularly gratifying to many Members to see our colleague from Virginia offer two amendments subsequently accepted by the committee including an amendment under title I pertaining to the Development Loan Fund and another amendment under title VI concerning the Alliance for Progress. The wording of both amendments were substantially the same and are restrictive in that they provide that in carrying out the provisions of the title relating to the Development Loan Fund and also the Alliance for Progress:

The President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of $50,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans.

Certainly there can be no question about the knowledgeability of the author of these amendments after one reads the recent report of the Foreign Operations Subcommittee of the Committee on Government Operations chairmaned by Mr. HARDY, which hearings were held in March and May 1962 and which were followed by a report on June 25, 1962 entitled "Commingling of the United States and Communist Foreign Aid." It seems to us that the wording of the gentleman's amendment requiring that an application for all funds over $50,000 must first be received and show that such funds will be used in an economcally and technically sound manner spells out one of the principal recommendations to the Department of State and the Agency for International Development as contained on page 3 of the June 25 report when it

was recommended "that foreign aid agreements committing the United States to dollar expenditures be drawn with precision as to objectives and scope, with identification of all component parts with such specificity as to permit reasonably accurate estimates of the time and cost factors involved."

We believe the amendments are needed and will prove to be beneficial and by these remarks we associate ourselves with this effort and again commend the author, the gentleman from Virginia.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Virginia.

The amendments were agreed to.

(Mr. HARDY asked and was given permission to revise and extend his remarks.)

The Clerk read as follows:

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

SEC. 102. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

"(a) In section 211, which relates to general authority, add a new subsection (c) as follows:

"'(c) Not to exceed $1,000,000 of the funds made available for the purposes of this section in any fiscal year may be used for programs designed to promote the peaceful uses of atomic energy outside the United States and such programs may be carried out only in accordance with the requirements of this section.'

"(b) In section 212, which relates to authorization, strike out '1962' and '$380,000,000' and substitute '1963' and '$300,000,000', respectively.

"(c) Strike out section 213, which relates to atoms for peace."

(Mr. JAMES C. DAVIS asked and was given permission to extend his remarks at this point.)

Mr. JAMES C. DAVIS. Mr. Chairman, some 15 years ago the Federal Government initiated a program of foreign aid assistance. The announced purpose of this program was to win friends and allies for the United States and, at the same time, make communism unwelcome wherever it might intrude. During this period the United States, through the taxpayers, has distributed to every corner of the globe—to the friendly, the unfriendly and the indifferent—over $100 billion in the form of foreign aid assistance. Yet, this expenditure, except in rare instances, has not strengthened our position in the great struggle between freedom and slavery.

Communism has experienced its greatest growth during the life of the foreign aid program. While our country has been handing out billions of dollars to court the friendship and stiffen the backbone of the world, communism has been gobbling up one country after another, and even Cuba, just 90 miles south of the Florida coast. Communism is also making inroads in Laos, the United Arab Republic, Iraq, Iran, Cambodia, Morocco, Ghana, Guinea and a number of recently created, halfsavage countries on the continents of Asia and Africa.

I have stated and repeated, again and again, on the floor of the House, at home and elsewhere, that I do not believe money will buy friendship. I feel that no person, or country, should have to be bribed to resist communism. You cannot buy friendship. You cannot buy loyalty. You cannot buy courage. Mr. Speaker, I would therefore like to again repeat my position that if we continue to pour our tax dollars down the drain we can destroy our own economy and make the free world easy prey to communism.

It is timely at this time when the House has under consideration H.R. 11921, the foreign aid authorization bill, for all freedom-loving Americans to voice their views regarding foreign aid and communism. I would like to insert herewith a telegram which I have received from the American Legion Auxiliary of Waldo M. Slaton Post No. 140 in Atlanta, which reads as follows:

Hon. JAMES DAVIS,
U.S. House of Representatives,
Washington, D.C.:

We wish to go on record as opposing all foreign aid to Communist and communistic dominated countries.

AMERICAN LEGION AUXILIARY, WALDO M. SLATON POST 140.

Mr. Chairman, I am in accord with the views expressed in this telegram.

The Clerk read as follows:

TITLE III—INVESTMENT GUARANTIES

SEC. 103. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

"(a) Amend section 221(b), which relates to general authority, as follows:

"(1) In paragraph (1) strike out '$1,000,000,000' in the proviso and substitute '$1,300,000,000'.

"(2) In paragraph (2) strike out 'of not to exceed 75 per centum of any investment' and substitute 'in whole or in part of any loan investment for housing projects or assuring against loss of not to exceed 75 per centum of any other investment,', and strike out '$90,000,000' in the third proviso and substitute '$180,000,000'.

"(b) Amend section 222, which relates to general provisions, as follows:

"(1) In subsection (d) insert ', and out of funds made available pursuant to this title' before the period.

"(2) Add the following new subsection (f):

"'(f) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1963 to carry out the purposes of this title not to exceed $100,000,000 which shall remain available until expended.'

"(c) Amend section 224, which relates to housing projects in Latin American countries, as follows:

"(1) In subsection (b) strike out $10,000,000' in the second sentence and substitute '$60,000,000'.

"(2) In subsection (c) strike out 'and (e)' and substitute '(e), and (f)'."

Mr. SANTANGELO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SANTANGELO: One page 4, after line 9, insert the following:

"(3) Add the following new subsection (g):

"'(g) All income derived from any investment in a foreign country which is guaranteed by the Federal Government in whole or in part under this title and which is made by a corporation or trust exempt from taxation under section 501 of the Internal Revenue Code of 1954, shall be subject to Federal income taxes notwithstanding that section, in the same manner and to the same degree as if received by any nonexempt corporation.'"

Mr. MORGAN. Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. The gentleman reserves the point of order.

The gentleman from New York [Mr. SANTANGELO] is recognized for 5 minutes in support of his amendment.

Mr. SANTANGELO. Mr. Chairman, this amendment would subject income from investments in foreign countries to taxation when our Government guarantees the lender in whole or in part against loss. This subjects foreign investment income to taxation, but does not take away their tax exempt status in the United States as to other investments. The ordinary American taxpayer should not be called upon to assume the burden of meeting the governmental expenses of paying the taxes when certain favored groups are exempt from taxes on their income and their investments are guaranteed.

Who most likely will make these investment loans in foreign countries, if this bill is passed and succeeds? The groups making these mortgage loans or other type loans will be the money lenders—the banks, the insurance companies, the various pension trusts and the foundations. The income of the banks and the insurance companies are subject to taxation, but the income of the foundations and trusts are not subject to taxation.

It seems to me unfair, unwise, and unjust that a foundation like Rockefeller Foundation, Inc., with its portfolio of over $647,694 858, or the Rockefeller Bros. Fund, with assets of over $53 million, will have the right to place a $5 million mortgage in Venezuela or in any other South American country and have their mortgage loan guaranteed 100 percent by John Q. Public and that the income derived from this mortgage-loan investment shall be tax exempt.

It seems unfair that the Ford Foundation should use any of its $3,316 million of assets to make a mortgage loan in a South American or Latin American country, which loan is guaranteed 100 percent by the American public, and that the income from such investments should be exempt from taxation. If such investments were not guaranteed in whole or in part by the American Government and the American people, then some merit would exist for continuing their exemptions to carry out their charitable works. But it is wrong for the American public to guarantee an investment against all risk and that the income should not be subject to tax to carry out the many programs of foreign assistance which our country has embarked upon. The same arguments apply to pension trusts and other founda-

tions which enjoy the same tax-exempt status.

The American taxpayer has supported foreign assistance programs, but I think the American public in unwilling that loans in foreign countries should enjoy tax exemptions as well as 100-percent guarantees. I trust that my amendment will pass.

Mr. MORGAN. Mr. Chairman, I make the point of order against the amendment that it is not germane to the bill, that it falls within the jurisdiction of the Committee on Ways and Means.

The CHAIRMAN. Does the gentleman from New York desire to be heard on the point of order?

Mr. SANTANGELO. I do, Mr. Chairman.

Mr. Chairman, while this bill is a foreign-aid bill, certainly section 103 refers to the fiscal provisions and indicates the direction, the trend in which interest from investment loans shall be redirected. It indicates that the interest on loan repayments can be reused for the purpose of additional loans or recurring loans.

While this bill is an authorization for foreign assistance, it contains certain provisions which are fiscal in nature and which are within the jurisdiction, I think, of the Ways and Means Committee. My amendment, while it has some facets and some aspects of the internal revenue laws which are subject to the jurisdiction of the Ways and Means Committee, I think it falls within the purview of this legislation, and I think the point of order is not well taken.

The CHAIRMAN. The gentleman from New York [Mr. SANTANGELO] offers an amendment, to which the gentleman from Pennsylvania [Mr. MORGAN] makes the point of order that the amendment is not germane to the bill H.R. 11921.

The Chair has had an opportunity to examine the amendment offered by the gentleman from New York. The gentleman's amendment refers to taxation of certain income developed from loans guaranteed under the provisions of the bill.

Taxation of income is not within the jurisdiction of the Committee on Foreign Affairs, and it is not within the purview of the bill presently before the Committee of the Whole.

The Chair, therefore, is constrained to sustain the point of order made by the gentleman from Pennsylvania.

(Mr. SANTANGELO asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 3, strike out lines 17 and 18.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, when the annual multibillion-dollar foreign handout bill comes before the House, you hear more apologists speak in behalf of it, trying to alibi its shortcomings, waste, corruption, and worse—you hear more of this than on any other bill that comes before the House of Representatives. This has been true through the years, and I wonder if I could get from the chairman of the committee and the spokesman on the minority side, the gentleman from Minnesota [Mr. JUDD] to provide short statements as to the objective of this program. I do not understand what you propose to accomplish with the continuation of this foreign handout program. What is it you seek to do with these billions that you want to spend?

Mr. MORGAN. I will make my answer very short: We are just trying to hold our own in the cold war we are fighting. That is it, very, very simply.

Mr. JUDD. Would the gentleman care to have my answer at this point?

Mr. GROSS. I would welcome the gentleman's answer.

Mr. JUDD. It is very simple: We are trying to strengthen and increase the capacity of free countries to maintain their independence against strong, determined, and well-organized threats from without and within.

Mr. GROSS. From the Communists, that is?

Mr. JUDD. That is right. To the extent that the Communist conspiracy is not able to get control of the manpower, land, and resources of free countries around the world; we are thwarting the Communists drive toward domination of the world, including ourselves. Free countries want to defend their freedom; we want to help them become strong enough to defend their freedom. That is good for them; that is good for us.

Mr. GROSS. This is all very interesting because my good friend and cousin, the gentleman from Minnesota [Mr. JUDD] made a speech I want to refer to.

In February of this year he made a speech in St. Louis in which he said:

The United States in its contest with Russia must wake up to the fact it is already fighting world war III.

We have spent $100 billion on foreign giveaways and we are now in a war with the Russians. What are we doing with this $11 billion program this year, if we are right now in the war? It has failed, the gentleman is saying in effect, this program on which we have already spent $100 billion, yet he supports the spending of another $11 billion of our tax dollars in this fiscal year.

Mr. JUDD. I did not say it has failed. I think it has succeeded extraordinarily well, considering the magnitude of the problems that it has had to deal with around the world.

Mr. GROSS. If the gentleman will read his speech in the St. Louis paper, he does not say that.

Mr. JUDD. I do not know what the paper said. I have frequently said we are in world war III. Thus far it has been fought with economic, political, propaganda and subversionary measures. I want us to win that kind of war, so perhaps we will not have to fight an atomic war. There have been failures in the foreign aid program, but the program has not failed; it has succeeded in its major objective of helping countries to become better able to maintain their full independence.

Mr. O'KONSKI. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Wisconsin.

Mr. O'KONSKI. I am astounded, as is the gentleman from Iowa, with reference to the apologies that have been made. I have listened to the same speeches for 20 years. They do not change much at all. But I was absolutely shocked at the perversion of history and truth. I actually heard the amazing statement made today that Tito was a friend of the Hungarian freedom fighters. If there ever was a perversion of a historical fact, that is it.

Mr. GROSS. I thank the gentleman for his statement and I agree with him completely.

Mr. Chairman, to get to the amendment I have offered, I see no reason, after spending $100 billion in foreign aid programs since the end of World War II, why we should spend any more money. We have been told it was for the purpose of establishing a climate favorable to American investment in foreign countries. There is now a ceiling of a billion dollars on guarantees to American investors going overseas. Now you want to raise that another $300 million. What has happened to the expenditure of this huge amount of money that requires you to raise the ceiling another $300 million on the guarantee program? How in the world can you defend raising this ceiling in view of the expenditures that have already been made? This is the best evidence of the utter failure of the so-called foreign aid programs. I am opposed to making American taxpayers responsible for another $300 million dollars and I hope the amendment will be adopted.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Iowa.

Mr. Chairman, this is one section of the program that has no shortcomings. There has been no waste and no inefficiency. It has been an extremely sensible phase of the program. There have been but two losses, and these have not been fully determined, one of $600 and another for approximately $9,000. In return for this the U.S. Government has received in premiums from these private concerns over $9 million, which has come back into the Treasury of the United States and is used as a reserve.

This has been a successful program. The reason for the increase results from a great number of private industries and concerns that have invested private capital in the development in these countries. The more private industrial development that these countries obtain inversely will be the amount of public aid necessary. This has been a successful program. This has been the reason for it as more people have been taking advantage of it. It has earned the United States money rather than cost the United States money.

Mr. Chairman, I urge defeat of the pending amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The amendment was rejected.

Mr. BRAY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, there are items in this foreign-aid bill for which it is difficult to find any possible justification. A striking example is the $7 million which is going to Ghana for beginning the construction of a great power-producing dam on the Volta River. While this amount is small, its approval is merely a foot in the door and the project will cost many times this amount before the dam and powerplant are finished.

Ghana perhaps has less need for this help than any country in north or central Africa. While still a British colony Ghana became very wealthy, for an African state. The chocolate industry was very successfully developed during those years and when Ghana became independent there was a billion dollars in the treasury with practically no indebtedness.

Nkrumah, the leader in Ghana, became hostile toward the West and closely allied himself with the Communists. Nkrumah was the principal African leader against the United States at the Belgrade Conference. Freedom has all but disappeared from Ghana under Nkrumah, and the papers are filled with attacks on the United States and praise for Russia.

Many will say that the people of Ghana are friendly toward the United States; that is true. Nevertheless, to assist Nkrumah would give him great prestige and would strengthen him in maintaining an iron hand over the lives and freedom of his own people, as well as encourage the other countries of Africa to be enemies of the West.

The result of the construction of this great Volta Dam would not only increase the strength and prestige of the Communists but would injure America and the West. Power from the dam will be used to produce aluminum in great quantities. There is today a surplus of aluminum throughout the world, and American aluminum manufacturers who employ American workers are being forced to curtail operations. Today the United States has stockpiled many times the aluminum that we need. By the exportation of aluminum, Russia and her satellites have greatly damaged the aluminum markets of the free world and enhanced their own. Only the naive would doubt that the aluminum produced by the power of this dam, regardless of who may technically own the aluminum factory, will contribute to the Communist ability to destroy the aluminum industry of the free world.

Furnishing money to build the Volta Dam will strengthen the position of our Communist enemy, Nkrumah; it will injure our friends in Africa; it will assist the Communist world in injuring the free economy of the West. Briefly put, furnishing this money would follow a pattern which we in America are developing. In trying to make friends of our enemies, we make enemies of our friends. Such a philosophy has never succeeded in helping the country which followed it, but apparently we naively believe that such can be accomplished by helping the Communist leader, Nkrumah.

Mr. MACGREGOR. Mr. Chairman, will the gentleman yield?

Mr. BRAY. I yield to the gentleman from Minnesota.

Mr. MACGREGOR. If I am correct, Nkrumah identifies himself publicly as a Marxist. Can the gentleman confirm that, based upon his visits to Ghana and elsewhere last year?

Mr. BRAY. There is no question but what that is the case. He takes pride in it, and has been one of the leaders against America and the free world, in Africa, and every place he has ever visited.

Mr. MACGREGOR. It is my understanding that the old French Congo capital of Brazzaville, generally on the west side of the Congo River, a country much friendlier than Ghana, is also interested in building a project similar to the Volta project.

Mr. BRAY. That is correct.

Mr. MACGREGOR. Will the gentleman comment with reference to this proposal for the Congo by way of amplification of the administration plan to go ahead with the Volta River project in Ghana?

Mr. BRAY. I firmly believe if we go ahead with the Volta-Ghana project, we will tend to alienate every country friendly to us in Africa.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BRAY. I yield to the gentleman from Iowa.

Mr. GROSS. Nkrumah appeared on a nationwide television broadcast in Washington, when he was here 2 or 3 years ago. He was asked the direct question as to his political philosophy, and his boastful answer was that he is a Marxist-Socialist.

Mr. BRAY. I do not think there is any question about that. In addition to that, if we help Nkrumah in this matter, it will injure the people of Ghana of having a chance to really have a free country. These people of Ghana are friendly to the United States, and I frankly believe that one of the worst things we can do to these freedom-loving people of Ghana would be to go ahead with this project. We have countries in Africa, friendly to us that need help much more than Ghana.

Mr. O'KONSKI. Mr. Chairman, will the gentleman yield?

Mr. BRAY. I yield to the gentleman from Wisconsin.

Mr. O'KONSKI. To arrive at the formula how this foreign aid is handed out, if he were really a friend of the United States of America, instead of denouncing it, do you think he would get the money for the dam?

Mr. BRAY. I do not care to try to answer that.

Mr. BRUCE. Mr. Chairman, will the gentleman yield?

Mr. BRAY. I yield to the gentleman from Indiana.

Mr. BRUCE. Is it not also true that Nkrumah has shown through his hiring of convicted spy Alan Nunn May where his allegiance lies?

Mr. BRAY. I do not believe there is any doubt about it, but that Nkrumah is a Marxist all the way through.

Mr. JOHANSEN. Mr. Chairman, I move to strike the requisite number of words.

(Mr. JOHANSEN asked and was given permission to revise and extend his remarks.)

Mr. JOHANSEN. Mr. Chairman, it seems to me in this deliberation, as in so many, we are giving evidence of being obsessed with the illusion that we can achieve salvation by spending. I submit that cash is no substitute for courage and resoluteness. In that conjunction I point out that in his propaganda tirade before the so-called World Congress on Disarmament and Peace in Moscow yesterday, Soviet Premier Khrushchev has one more added proof to the statement of a prominent English authority on communism that the Communists have deliberately decided "to harness the fear of war instead of war itself to the Communist cause."

And he has given a new timeliness to the warning voiced some months ago by the distinguished columnist, Roscoe Drummond:

> Fear of war has almost continuously paralyzed Western policy [since the end of World War II] but fear of war has not paralyzed Communist policy.
>
> If we continue to be afraid of nuclear war while the Soviets are not afraid of nuclear war, we are going to end up losing diplomatically what we fear to lose in a nuclear war. If we keep stepping back from the Moscow-created brink every time Mr. Khrushchev says: "Give us a little something more or you will get yourselves destroyed by war," we will keep on losing the cold war and getting nearer to actual war.

Khrushchev's latest pronouncement boils down to two simple propositions—or more accurately, ultimatums:

First. Settle the Berlin issue on Khrushchev's terms or risk nuclear holocaust.

Second. Accept Soviet disarmament proposals with a blind faith that Khrushchev thereafter will agree to Western-proposed controls.

Does Khrushchev think we are idiots?

Does Khrushchev suppose for a moment that nuclear blackmail is the basis for good faith negotiations?

What fears of his own Russian people is Khrushchev seeking to hide behind his professed fears of Germany?

What internal weaknesses and difficulties within Soviet Russia does he seek to conceal through his campaign of bluff, bluster, bunkum, and blackmail?

Never was it more imperative that American leadership meet this campaign of intimidation with resolute firmness.

Never was it more imperative that we clearly and sharply differentiate between that which money and so-called aid can buy and that which only resoluteness and firmness can save.

Mr. Chairman, I yield back the balance of my time.

Mr. FASCELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FASCELL: On page 4, strike out lines 6 through 9 and substitute the following:

"(f) There is hereby authorized to be appropriated to the President such amounts, to remain available until expended, as may be necessary from time to time to carry out the purposes of this title."

Mr. FASCELL. Mr. Chairman, this amendment deals, with the authorization for reserves in the investment guarantee section of this program. We have already heard that this section is a very fine part of our program, and implements one of the major aspects of it by aiding the private sector of assistance to foreign countries. It has worked admirably well.

Under the law we are required to carry reserves for the guarantees issued. We have just recently acted on an amendment dealing with the ceiling on the fund; that is, the face amount of the guarantees which can be issued under each type of risk identified in the bill. The bill seeks to put a $100 million ceiling on the amount of the reserve required by law. Therefore, in my judgment, it is very poor business for us to put an authorization limit on the amount of the reserves which are required and which would be fixed practically automatically by the amount of the face of the guarantees which we do limit by committee action.

We have a check in our committee in this fashion and there is the further check that all reserves would have to actually be appropriated and be subject to the appropriation process. The purpose of the amendment simply is to provide the authorization for the appropriation of the needed reserves to back up the guarantees which we authorize. I believe it makes for simplicity; it makes for better legislative process; it makes for better control; and it would eliminate a problem before our committee which we really should not have.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I will be happy to yield.

Mr. GROSS. I still do not understand exactly what the gentleman is attempting to do. Is the gentleman attempting to take off the ceiling of $100 million?

Mr. FASCELL. As I have explained before, I thought—I will be very happy to do it again—this deals with the ceiling on the reserves which are required by law to back up the guarantees which are authorized by the legislation. By legislative action we fixed a total amount of the guarantees which may be issued. The gentleman from Iowa just offered an amendment to reduce by $300 million the amount of guarantees which could be issued in the specific risk investment guarantees section. That amendment was defeated. That means, therefore, that with the adoption of this bill we could issue up to $1.3 billion in the specific risk guarantees section. By law we are required to carry reserves for that purpose.

The section my amendment deals with has to do with the amount of reserves. There is no point in fixing a limitation on the authorization for the amount of the reserves; this is controlled by the limitation on the face amount of the guarantees. So my amendment simply authorizes the reserves which are now required without placing a dollar limitation on the authorization of such reserves.

In other words, it cannot cost any more money than that which is already authorized, because you control it by the face amount which you authorize in the guarantee. It simply means that the Appropriations Committee will have to determine for themselves the proper amount of the reserves for the guarantees.

Mr. GROSS. We are now guaranteeing against civil strife, insurrection, convertibility of currency, war damage, confiscation or expropriation—what else?

Mr. FASCELL. I would simply say that we are not expanding the guarantee of risks. We are just guaranteeing that which the law now authorizes.

Mr. GROSS. I understand that, but we are doing all of those things, are we not?

Mr. FASCELL. We are guaranteeing in the present law——

Mr. GROSS. And I guess more.

Mr. FASCELL. We are guaranteeing those specific risks which are outlined in the law. We are not changing that in any respect.

Mr. GROSS. Does the gentleman have any idea what a businessman in the United States would have to pay to Lloyds of London as a premium on a guarantee against war damage, in this country?

Mr. FASCELL. I do not have the slightest idea, but if he could get the benefits that he would get under this program, and if our country could get the benefits which it gets under this program, whatever the cost, it would be worthwhile.

Mr. GROSS. Would the gentleman suggest that the businessmen or the industrialists of this country have this same program?

Mr. FASCELL. I would say that under FHA we have a similar type guarantee, and I am very happy that we do. I think it is a wonderful thing. If the businessmen of this country could pool their resources or agree to underwrite these kinds of risks, I think it would be wonderful.

Mr. GROSS. I did not know that under the FHA we were guaranteeing them against war risk or convertibility of currency.

Mr. FASCELL. Of course not.

Mr. GROSS. We are going to have a devaluation of the dollar if we do not stop this foolish business that we have before us today, this nonsense of a giveaway program. We will have a devaluation of the dollar which is going to mean very much the same thing that the businessman runs into in a foreign country with respect to convertibility of currency.

Mr. FASCELL. I am not sure that I agree with the gentleman from Iowa but I would simply say this: The amendment before the committee at this time does not deal with that. The section we are dealing with is one of the best in the whole program.

Mr. MORGAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time simply to say to the gentleman from Florida [Mr. FASCELL] that this did not come before the committee during the markup of the bill.

Mr. FASCELL. That is true. One of the reasons is that the calculation of the amount of the reserve fund was not properly made. I am sorry I did not catch it myself, but I think it is obvious based on the amount of reserves we are required to carry for the amount of guarantees now in the program. The provision in the bill would have the effect of stopping this fine program. I agree with the chairman we did not catch this in the committee, but I think this is a very necessary amendment if we want this investment guarantee program to continue, which we have already authorized. By law we are required to carry a reserve. My amendment simply provides the authorization by which the Appropriations Committee can fix the amount of the reserve.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida.

The amendment was agreed to.

Mr. O'HARA of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have asked for this time to correct the gentleman from Iowa. We are not insuring against loss from civil strife. The gentleman knows the House voted that down in the two previous Congresses and that the gentleman from Iowa and the gentleman from Illinois were in complete agreement that the inclusion of coverage for losses resulting from civil strife would be ruinous to the entire insurance program. We have not opened our insurance program to civil strife.

Mr. GROSS. You insure against insurrection.

Mr. O'HARA of Illinois. The word "insurrection" has been used, but I wish to make it clear that it was not the legislative intent that insurrection should include "civil strife."

The Clerk read as follows:

TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

SEC. 104. Section 232 of the Foreign Assistance Act of 1961, as amended, which relates to surveys of investment opportunities, is amended by striking out "1962" and "$5,000,000" and substituting "1963" and "$1,500,000", respectively.

ALLIANCE FOR PROGRESS

SEC. 105. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development assistance, is amended by adding at the end a new title VI, as follows:

"TITLE VI—ALLIANCE FOR PROGRESS

"SEC. 251. GENERAL AUTHORITY.—(a) It is the sense of the Congress that the historic, economic, political, and geographic relationships among the American peoples and Republics are unique and of special significance and that the Alliance for Progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relationships among them. It is further the sense of Congress that vigorous measures by the countries and areas of Latin America to mobilize their own resources for economic development and to adopt reform measures to spread the benefits of economic progress among the people are essential to the success of the Alliance for Progress and

to continued significant United States assistance thereunder. The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

"(b) Assistance furnished under this title shall be directed toward the development of human as well as economic resources. In furnishing assistance under this title, the President shall take into account (1) the principles of the Act of Bogotá and the Charter of Punta del Este and, in particular, the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives; and (4) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved. In making loans under this title from funds which are required to be used for loans payable as to principal and interest in United States dollars, the President shall take into account, in addition to the considerations named in the preceding sentence, whether financing could be obtained in whole or in part from other free world sources on reasonable terms. The provisions of sections 201(d), 202(b), 202(c), and 204 shall be applicable to such loans, and they shall be made only upon a finding of reasonable prospects of repayment.

"(c) The authority of section 614(a) may not be used to waive the requirements of this title with respect to funds made available for this title which are required to be used for loans payable as to principal and interest in United States dollars, and the authority of section 610 may be used to transfer such funds only to funds made available for title I of chapter 2 of part I.

"(d) In order to carry out the policies of this Act and the purpose of this title, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to insuring a wider and more equitable distribution of the ownership of land.

"SEC. 252. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, for use beginning in each of the fiscal years 1963 through 1966, not to exceed $600,000,000 for each such fiscal year which sums are authorized to remain available until expended and which, except for not to exceed $100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1963, shall be available only for loans payable as to principal and interest in United States dollars. In presenting requests to the Congress for authorizations for appropriations for fiscal years 1964 through 1966 to carry out other programs under this Act, the President shall also present the program proposed to be carried out from funds appropriated pursuant to the authorization contained in this section for the respective fiscal year.

"SEC. 253. FISCAL PROVISIONS.—All receipts in United States dollars from loans made under this title and from loans made for the benefit of countries and areas of Latin America under title I of chapter 2 of part I of this Act, notwithstanding section 203, shall be available for use for loans payable as to principal and interest in United States dollars in furtherance of the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended."

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 5, strike all of lines 17 through 20.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I will make this very brief. The amendment would strike out the language on page 5 which reads as follows:

The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

"On such terms and conditions as he may determine"—it is impossible to write a broader grant or delegation of power to any Chief Executive than is contained in that language. I am opposed to the continual grants of power by Congress to the Chief Executive. I say to you the Congress ought to retain its powers. It certainly ought to direct the expenditure of the billions of dollars it levies from the citizens of this country.

Mr. Chairman, I yield back the remainder of my time.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this is the same language that is to be found in existing law, in the development grant section. This provision merely applies it to the Alliance for Progress. On page 6 of the bill, the gentleman will see the conditions laid down which direct the President in his providing economic assistance to the countries in Latin America. This language, as I said, is already incorporated in the 1961 act with respect to other type economic aid. It is not new language. It has been included in the provisions governing the development loan fund since 1956. It is very vital to the successful operation of the Alliance for Progress program, and I ask that the amendment be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The amendment was rejected.

Mr. PELLY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PELLY: On page 8, strike out lines 1 through 9, inclusive.

Mr. PELLY. Mr. Chairman, this amendment would prevent the use of receipts from loans under the Alliance for Progress without further action by the Congress. The section, as now drawn, according to the committee report on page 17, provides that all receipts from loans made in Latin American countries, including those heretofore made under the Development Loan Fund in those countries, shall be available in the future for reuse—reloan—without further appropriation. While it is true that this is the same arrangement as now exists in the law for the Development Loan Fund worldwide, it nevertheless short circuits the regular annual appropriation process and thus removes from required annual scrutiny the needs of the program from year to year as conditions change. It is a further abdication by the Congress over expenditures from the Treasury. It is a form of backdoor financing. If the Alliance for Progress program must come to Congress annually for the $600 million appropriation authorized in the bill, then certainly it could, and should, also be required to present its case for the further use of any repayments from Latin American loans.

The provision would normally be subject to a point of order but that has been waived under the provisions of the rule under which the bill is being considered.

According to the committee report on page 17, at a recent date, some $333 million could eventually become available for further loans under the provisions of this section.

Why this $333 million of back-door spending? Why not a regular appropriation, with a yearly review—along with a request such as is provided for the $600 million in this bill?

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. PELLY. I am happy to yield to the gentleman from Iowa.

Mr. GROSS. Only last year we had quite a fight in the House over back-door financing, did we not?

Mr. PELLY. I will say to the gentleman from Iowa that I think the House did a very effective job in cutting out a lot of back-door financing.

Mr. GROSS. By this same agency.

Mr. PELLY. By this same agency. It was on a larger scale, I believe, but the fact, however, is the same.

Mr. GROSS. This proposal in effect is another back-door financing operation. Where are the voices that were raised last year against back-door financing?

Mr. PELLY. I hope that the gentleman will let me say that the voices will be right here today. We can just strike out this back-door financing provision in the bill right now.

Mr. GROSS. I hope so, too.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the principle is not the same as we voted on a year ago on the matter of long-range financing. This involves no new money whatsoever. The moneys involved in this provision are moneys that have already been authorized and appropriated.

Section 203: Fiscal Provisions, reads as follows:

SEC. 203. FISCAL PROVISIONS.—All receipts from loans made under and in accordance with this title shall be available for use for the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.

This is in existing law. This provision merely allows the revolving fund to receive the income that will be paid back from Latin American nations under the Alliance for Progress to be put in the revolving fund of the Alliance for Progress rather than being repayable to the Development Loan Fund.

I ask for the defeat of the amendment.

Mr. HIESTAND. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in discussing the financing of these loans, let it be understood that loan money as well as appropriated money is a drain on our gold reserves. Let nobody make a mistake that foreign aid is not a most powerful cause of inflationary pressures. Many people are aware that most foreign aid money is spent here in America and they think that because it is spent here there is no drain on our gold reserve and that it is not inflationary.

On both counts they are mistaken. Although the money is spent here, the goods and services are shipped overseas without any dollar return. Thus it positively is a severe drain on our gold reserve and also a heavy inflationary measure.

This is so because when the goods and services are shipped overseas without dollars returning, the supply of goods and services in the United States is severely decreased without any corresponding decrease in the demand for goods.

If that does not increase the inflationary pressure, I do not know what will.

Inflation is the cruelest form of taxation. It is felt by the worker and people from all income groups. The distressing thing about this inflationary pressure is that it will hurt fixed income groups most cruelly in that they have no means of retaliating.

I cannot condone the double taxation that will ensue if this measure passes. All groups are faced with direct taxation, but a second tax, brought about by inflation, is a tax on the cost of living and must be avoided.

The New York Herald Tribune of Sunday, June 24, in part states:

> European central banks have set a deadline of December 31 as the point at which they will no longer add to their holdings in dollars, apparently after deciding this was the maximum amount of time they would allow the American Government to improve its economic affairs.

The Herald Tribune went on and said:

> This, the Herald Tribune learned authoritatively, was the real season why Walter Heller, Chairman of the President's Council of Economic Advisers, was dispatched to Europe to talk behind closed doors.
>
> Rumors have been rife in European capitals for the last 6 months that devaluation of the dollar is inevitable.

Mr. Chairman, these are things that we are facing—it is real irresponsible nonsense—regardless of amount of distress of the dollar abroad:

First. The administration's decision to step up deficit spending.

Second. Its failure to announce the recent gold losses and the replacement of gold lost from gold in the Exchange Stabilization Fund.

Third. Canada has been in a bad position, but not nearly as desperate as ours.

Fourth. The United States loaned $285 million to India at three-fourths of 1 percent interest.

Fifth. There is the general fear that Congress will support the President's demand for $4.6 billion of foreign aid for fiscal year 1963, an action that could result in the collapse of our economy.

It certainly is necessary for the Congress to drastically reduce the $4.6 billion foreign aid appropriation. The fiscal 1963 budget must be balanced. This action should satisfy the European holders of some $23 billion of short-term credits redeemable in our gold.

I oppose the fiscal irresponsibility of this bill and I oppose the bill in its entirety.

(Mr. HIESTAND asked and was given permission to revise and extend his remarks.)

Mr. MEADER. Mr. Chairman, I move to strike out the requisite number of words.

(Mr. MEADER asked and was given permission to revise and extend his remarks.)

Mr. MEADER. Mr. Chairman, I would like the attention of the chairman of the committee to find out whether or not I understand the effect of the amendment offered by my colleague, the gentleman from Washington [Mr. PELLY].

By striking the first nine lines on page 8, it is my understanding that we would be removing a limitation upon the back-door spending activities of use receipts by the Development Loan Fund from repayments of loans.

It seems to be agreed that there is now authority for worldwide relending of receipts from repayment of development loans.

The provision on page 8 says that the receipts which are returned from loans made in Latin American countries should be used only for further relending in Latin America, that we cannot take $333 million received from loans made in Latin America, for instance, and lend it all to India.

If we remove this language from the bill, then there will be completely unrestricted authority in the Development Loan Fund so that the receipts from repayment of loans to Latin American countries need not be relent to Latin American countries but can be used anywhere else in the world.

By this amendment we would actually enlarge rather than limit the back-door spending authorized in existing law.

Now, if my colleague from Washington had offered an amendment to delete from existing law the back-door spending authority, I would have been happy to support it. But, it seems to me to adopt his amendment would be to enlarge their authority rather than restrict it.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. The gentleman is absolutely correct. This is a limitation. The amendment would enlarge the scope of money usable for other purposes.

(Mr. ALGER asked and was given permission to revise and extend his remarks.)

Mr. ALGER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I had really hoped to have the opportunity of offering amendments to this bill, but I must be frank to state that I see no amendment on the horizon to make this bill acceptable to me, it is such bad legislation.

I think this bill is unconstitutional, it is illegal, it is immoral, it is suicidal and just plain downright foolish. I presented my views in Monday's debate, page 12101, CONGRESSIONAL RECORD, July 9, 1962. I realize that most Members cannot be influenced by debate here, but only by constituents and the White House. Yet, I cannot sit and listen to this debate for 2 straight days—and I will stay to the bitter end—without getting in my two cents during this period of amendment. I am in sympathy with those who will offer amendments, in whose efforts I wish to share, and I also realize that their efforts will be more fruitful than were I to present them, inasmuch as I will still be opposed to the measure, if and when the expected improving amendments are accepted. I cannot vote for the bill even after the amendments are accepted. And, I believe my views in opposition are those held by the majority of the people of this country. Woe to those Members who do not realize that the people of this country are aware of the faults of the foreign aid program and their disapproval of this bill.

I want to take my hat off to the gentlewoman from Illinois [Mrs. CHURCH], and the gentleman from Indiana [Mr. ADAIR] for their committee views. I lament the fact that more Members did not join with them in the minority report. I am looking forward to theirs and others' amendments, that may be offered, including the Adair, Bow, Casey, Hardy and Feighan amendments.

So, I had to get my two cents in today. How appalled I was at the lack of attendance last Monday during debate. There seems to be a like lack of attention here today, and I find very little to commend to the people of Dallas, that I have the honor to represent, in this kind of bad—yes, foolish legislation, giving our wealth away to the dedicated enemies, Communists and Socialists, and self-styled neutrals who take our money and denounce us, all the while we puzzle, and confound our friends and allies.

Mr. Chairman, for the benefit of those who may have forgotten that we are not dealing with new problems here, that these same objections to foreign aid as it is constituted, have been raised again and again, I would like to include some statements which have been made in the past. First, the excellent report by the chairman of the Foreign Operations Subcommittee on Appropriations, Mr. OTTO E. PASSMAN; second, the minority views to the report on the mutual security program for 1960 as prepared by Mr. PILCHER, Mrs. CHURCH, and Mr. ADAIR; third, the "Additional Views to the Mutual Security Report of 1961" by Mrs. CHURCH and Mr. ADAIR; fourth, my newsletter of June 20, 1959; sixth, my newsletter of August 1, 1959; seventh, my newsletter of August 19, 1961, and

eighth, my newsletter of September 9, 1961.

MARCH 15, 1962.

MY DEAR COLLEAGUE: It is my privilege to again provide you with a recapitulation showing foreign aid funds available under the mutual security program for fiscal 1962. These are not all the funds available for foreign aid, but only the funds handled by the subcommittee which I have the honor to serve as chairman.

Attached, hereto, is a verified statement showing amounts available for obligation and expenditure for the present fiscal year ending June 30, 1962. All of the funds will not be disbursed during fiscal 1962, but will remain available in either an obligated or reservation status. The annual funds for this program are again increasing, rather than decreasing as the Congress had hoped. For a comparison, I am listing below the amounts available for fiscal years 1962, 1961, and 1960.

1. Fiscal 1962	$10,078,319,114
2. Fiscal 1961	8,551,215,000
3. Fiscal 1960	8,111,521,750

Each Member will make up his own mind as to whether it is in the interest of our country to permit the foreign aid program to again skyrocket to an amount in excess of actual needs to meet reasonable requirements. I base this statement on the type of justifications upon which our Committee is forced to make recommendations.

I have just finished compiling an interesting recapitulation showing the status of our gold reserves and balance of payments for the past 10 years. It is an alarming situation and is tied directly into foreign aid (some of the justifiers of the aid program try not to agree with this statement). Many of the recipient nations of our aid dollars are buying our gold without first establishing a need. If we permit this trend of substituting this Nation's wealth and dollars for common sense and reason to continue, chaos will be the result. If you would like to receive a copy of this recapitulation, it will be made available to you upon request.

Cordially yours,

OTTO E. PASSMAN,
Chairman, Foreign Operations Subcommittee on Appropriations.

Foreign aid funds by program and amount (available for expenditure in fiscal 1962)

1. Military assistance:		
Unexpended—June 30, 1961	$2,539,601,861	
New funds—Fiscal 1962	1,600,000,000	
New funds—Other	54,846,330	
		$4,194,448,191
2. Defense support:		
Unexpended—June 30, 1961	587,376,191	
Supporting assistance:		
New funds—Fiscal 1962	425,000,000	
New funds—Other	40,122,455	
		1,052,498,646
Total		5,246,946,837
3. Development loans (credits):		
Unexpended—June 30, 1961	1,471,245,007	
New funds—Fiscal 1962	1,112,500,000	
New funds—Other	2,680,000	
		2,586,425,007
4. President's contingency fund:		
Unexpended—June 30, 1961	192,298,987	
New funds—Fiscal 1962	275,000,000	
New funds—Other	9,180,231	
		476,479,218
5. Technical Cooperation:		
Bilateral: Unexpended—June 30, 1961	129,988,610	
Bilateral development grants: New funds—Fiscal 1962	296,500,000	
		426,488,610
6. Technical cooperation:		
U.N.: Unexpended—June 30, 1961	15,821,808	
CTI orgauizations: New funds—Fiscal 1962	153,500,000	
CTI organizations: New funds—Other	4,843,908	
		174,165,716
7. Administrative expenses, AID:		
Unexpended—June 30, 1961	7,809,750	
New funds—Fiscal 1962	47,500,000	
New funds—Other	1,104,280	
		56,414,030
8. Administrative expenses, State:		
Unexpended—June 30, 1961	2,019,397	
New funds—Fiscal 1962	3,000,000	
New funds—Other	35,796	
		5,055,193
9. Development grants, specified: New funds—Fiscal 1962		$100,000
10. Investment surveys: New funds—Fiscal 1962		1,500,000
11. Alliance for Progress: Unexpended—June 30, 1961		600,000,000
12. Inter-American Development Bank:		
Unexpended—June 30, 1961		(1)
New funds—Fiscal 1962		110,000,000
13. International Development Association:		
Unexpended—June 30, 1961		(1)
New funds—Fiscal 1962		61,656,000
14. Peace Corps:		
Unexpended—June 30, 1961	$1,202,609	
New funds—Fiscal 1962	30,000,000	
		31,202,609
15. Special assistance: Unexpended—June 30, 1961		195,218,429
16. President's Asian Fund: Unexpended—June 30, 1961		50,971,860
17. Development assistance: Unexpended—June 30, 1961		32,188,853
18. Atoms for Peace: Unexpended—June 30, 1961		6,678,215
19. Intergovernmental Committee for European Migration: Unexpended—June 30, 1961		4,875,766
20. Escapee program: Unexpended—June 30, 1961		3,495,359
21. U.N. Children's Fund: Unexpended—June 30, 1961		3,262,720
22. U.N. Relief and Works Agency: Unexpended—June 30, 1961		3,174,673
23. U.N. Refugee Fund: Unexpended—June 30, 1961		800,000
24. Technical cooperation, OAS: Unexpended—June 30, 1961		774,666
25. Ocean freight: Unexpended—June 30, 1961		237,266
26. NATO science program: Unexpended—June 30, 1961		130,000
27. North Atlantic Treaty Organization: Unexpended—June 30, 1961		62,257
28. Joint control areas: Unexpended—June 30, 1961		15,830
Total funds available for expenditure in fiscal year 1962		10,078,319,114

RECAPITULATION

1. Unexpended funds (from prior fiscal years) June 30, 1961	5,849,250,114
2. New funds (appropriated), fiscal 1962	4,116,256,000
3. New funds (reappropriations, sales, and other), fiscal 1962	112,813,000
Total funds available for expenditure	10,078,319,114

[1] $532,700,000 unexpended funds for IDB and IDA not included in totals.

MINORITY VIEWS OF MR. PILCHER, MRS. CHURCH, AND MR. ADAIR ON H.R. 11510

For some years, as earnest participants on the committee considering the Mutual Security Act, we have felt compelled to be realistic and honest critics, not of what is sought to be done but of the inadequate planning and poor administration of the program. Despite efforts this year to make some improvements in this basic legislation, we can see no indication that the actual planning and administration of the program will be radically changed. As in previous years, we who find this present bill unsatisfactory again assert that we believe in mutual security. We do not believe, however, that the present measure, H.R. 11510, adequately meets the challenge to provide such mutual security. It does not present the new imaginative program which is so necessary to further the efforts of the United States to build peace and progress in this troubled world.

Despite conclusive evidence that, due to obvious uncorrected weaknesses, the program has failed to achieve the anticipated results toward the establishment of security in the free world, H.R. 11510, as reported out by the Committee on Foreign Affairs, authorizes an appropriation of $1,318,400,000, a reduction of $136,500 from the executive request. In addition, there are continuing authorizations, agreed to by the committee last year, for military assistance, the Development Loan Fund, and other smaller items, in the amount of $2,720,100,000. In other words, the total amount proposed to be appropriated for fiscal year 1961 is $4,038,500,000. Furthermore, under Public Law 480, additional funds will be made available to the mutual security program.

Last fall a study mission comprised of members of the Committee on Foreign Affairs completed a 40,000-mile tour to study the impact of U.S. foreign aid programs in the areas around the world. The chairman of this minority report was also chairman of the study mission. Another signer of the minority report accompanied him. In its report the study mission pointed up the reality and justice of our former criticisms. The final conclusions of the report had this to say about foreign aid:

"The study mission is convinced that a realistic review and reappraisal of our aid program is immediately necessary, and that greater supervision must be given to its operations. However noble the purpose or well advised the goal, the quality and success of performance remain an essential criterion of success. We have pointed out in this report specific cases of poor programing and excessive spending. There is indication in more than one instance that, as suggested by the Comptroller General in 1959, the field operations have actually been hampered by an excess rather than a paucity of funds. A far more vigorous effort, moreover, must be made to correct conditions and weaknesses that are known to exist and that have been pointed out again and again. There is some indication that blame for such weaknesses should be placed as much, if not more, on the planners in Washington than on those in the field. In any event, there is ample justification for our insistence that there be a complete revision of programs and operations.

"In fact, there is justification for insistence on a broader vision and a more imaginative approach. Such approach should aim to produce in the peoples of the world greater and more successful self-reliance and stable political institutions under which the people in each country could live in freedom and dignity with full enjoyment of economic progress under democratic institutions.

"What is desperately needed in this world to build sound bodies and sound minds is an adequate food supply and elementary education. In generations to come, grandiose dams and multimillion-dollar fertilizer plants might bring ultimate benefit, but we express again our fear of the inconsistent and strikingly dangerous gap between such grandiose projects at the top and the millions of human beings still starving, still untaught, who have neither the stamina to undertake nor the capacity to understand self-government. Without such under-

standing and capacity there is little chance for orderly progress. Such a course only adds to economic dislocation and confusion. Premature advance toward industrialization not only seriously strains the present capacity of countries but is bound to produce an insecure economic base. We would urge, therefore, that primary attention be given to food production and the teaching of at least elementary knowledge.

"Since the end of World War II, the United States has spent well over 80 billions of dollars in aid to the nations of the world. The program has assisted in the effort of keeping them free and improving their economic position. In recent years changing conditions in the United States and in the world require reappraisal and revision of the program. The struggle to maintain freedom and encourage economic development involves the future of all free nations and, therefore, must be regarded by them as a joint responsibility.

"The financial condition of the United States makes an expenditure each year of $3 to $4 billion an extremely difficult burden to carry. Such an effort can be justified only if the programs and obligations succeed in achieving their objectives. The American citizen today is paying more peacetime taxes than ever before. Interest on the public debt is taking approximately one-twelfth of all taxes collected. The American dollar, once the strongest and most sought after currency in the world, is selling at a discount in some countries (e.g., Canada, Switzerland, Belgium). Our gross national debt is approximately $292 billion.

"Those nations which the United States helped to rehabilitate after World War II, and which are now financially strong, should make every effort to assist, both militarily and economically, in strengthening the less developed countries. The United States should no longer carry so large a share of the military and economic assistance to the other free nations of the world.

"Furthermore, since 1947, the United States has so given to other countries its technical know-how and the dollars to develop it, that its own formerly unchallenged economic supremacy of the free world is under successful attack. The United States faces stronger economic competition than ever before—a competition that can have an immeasurable effect not only on our trade but on our industrial prosperity and the high living standards of our workers. Every possible wise step must be taken to protect our own position in world trade as well as the stability of the American dollar.

"These facts, in addition to the findings of the study mission, underlie our insistence for an immediate detailed examination and careful review and revision of programs and operations.

"In particular, the study mission comes back impressed by obvious evidence that ultimate failure is inherent in the program unless we can somehow develop plans and operations that will reach down to the people themselves of each country."

Paul G. Hoffman, in his pamphlet, "One Hundred Countries, One and One-Quarter Billion People," succinctly states the problems confronting underdeveloped countries:

"The underdeveloped countries need high-level manpower just as urgently as they need capital. Indeed, unless these countries are able to develop the required strategic human resources they cannot effectively absorb capital. But human resources of the less-developed nations have been shamefully neglected. Only a very small percentage of the people who live in these countries have ever had an opportunity to acquire an education and only a few have ever had positions of responsibility. There is a huge need for training of all types from on-the-job training of artisans to training in more complex technological and management sciences.

"Of all the resources required for economic development, high-talent manpower requires the longest leadtime for its creation. Dams, power stations, textile factories, and steel mills can be constructed in a few years, but it takes 10 to 15 years to develop managers, engincers, and the administration to operate them. The existence of such manpower, however, is essential if the countries are to achieve self-sustaining growth.

"Thus, while it is imperative that these countries survey their natural resources and draw up programs spelling out priorities for the strategic investment of capital in their development, so must they draw up some kind of a 'high-level manpower budget' for the next 10 or even 20 years. This should be an integral part of their development plan."

Eugene R. Black, President of the International Bank for Reconstruction and Development, in a speech made at Oxford University, England, on March 3, 1960, stated:

"We think that in administering economic aid quality is more important than quantity; even the most enthusiastic supporters of economic aid recognize that the outside world cannot provide more than a small margin of the resources needed; the really crucial economic and human resources must come from within. Therefore, it is only realistic, we think, to try to use ecoonmic aid primarily to promote proper standards in the art of managing a country's resources."

This present legislation in no sense gives the true picture of what is available for mutual security. Attention is directed to the following figures showing mutual security funds by program and amount available for expenditure for fiscal year 1960, which were inserted in the CONGRESSIONAL RECORD of March 31, 1960, by Hon. OTTO E. PASSMAN, chairman of the Subcommittee on Foreign Operations of the House Appropriations Committee:

Mutual security funds by program and amount (available for expenditure (fiscal 1960))

	Total available for expenditure
1. Military assistance:	
Unexpended, June 30, 1959	$2,547,998,755
New funds, fiscal 1960	1,331,247,000
Sale military material, fiscal 1960	30,200,000
Total	3,909,445,755
2. Defense support:	
Unexpended, June 30, 1959	787,500,953
New funds, fiscal 1960	695,000,000
Sale military material, fiscal 1960	500,000
Total	1,483,000,935
3. Development Loan Fund;	
Unexpended, June 30, 1959	782,010,480
New funds, fiscal 1960	550,000,000
Loan repayments, fiscal year 1960	15,700,000
Total	1,347,710,480
4. Development assistance, unexpended, June 30, 1959	97,768,490
5. Special assistance:	
Unexpended, June 30, 1959	173,389,255
New funds, fiscal 1960	245,000,000
Estimated reimbursement, fiscal 1960	100,000
Total	418,489,255
6. President's Asian fund, unexpended, June 30, 1959	85,846,438

Mutual security funds by program and amount (available for expenditure (fiscal 1960))—Continued

	Total available for expenditure
7. President's contingency fund:	
Unexpended, June 30, 1959	$139,789,149
New funds, fiscal 1960	123,753,000
Total	263,542,149
8. Technical cooperation bilateral:	
Unexpended, June 30, 1959	158,717,287
New funds, fiscal 1960	150,000,000
Estimated reimbursement, fiscal 1960	700,000
Total	309,417,287
9. Technical cooperation, U.N.:	
Unexpended, June 30, 1959	8,292,101
New funds, fiscal 1960	30,000,000
Estimated reimbursement, fiscal 1960	
Total	38,292,101
10. Technical cooperation, Organization of American States:	
Unexpended, June 30, 1959	1,307,960
New funds, fiscal 1960	1,200,000
Total	2,507,960
11. Joint control, unexpended, June 30, 1959	472,167
12. Atoms for peace:	
Unexpended, June 30, 1959	9,280,648
New funds, fiscal 1960	1,500,000
Total	10,780,648
13. North Atlantic Treaty Organization, unexpended, June 30, 1959	1,088,558
14. Intergovernment Committee for European Migration:	
Unexpended, June 30, 1959	10,829,222
New funds, fiscal 1960	7,371,000
Total	18,200,222
15. U.N. Refugee Fund:	
Unexpended, June 30, 1959	1,200,000
New funds, fiscal 1960	1,100,000
Total	2,300,000
16. Escapee program:	
Unexpended, June 30, 1959	6,887,757
New funds, fiscal 1960	4,632,000
Total	11,516,757
17. U.N. Children's Fund:	
Unexpended, June 30, 1959	8,925,635
New funds, fiscal 1960	12,000,000
Total	20,925,635
18. U.N. Relief and Works Agency:	
Unexpended, June 30, 1959	8,956,957
New funds, fiscal 1960	25,000,000
Total	33,956,957

Mutual security funds by program and amount (available for expenditure (fiscal 1960))—Continued

	Total available for expenditure
19. Ocean freight:	
Unexpended, June 30, 1959	$1,662,992
New funds, fiscal 1960	1,910,000
Total	3,572,992
20. Control Act, unexpended, June 30, 1959	119,101
21. Administrative expenses, ICA:	
Unexpended, June 30, 1959	4,956,497
New funds, fiscal 1960	38,000,000
Estimated reimbursement, fiscal 1960	800,000
Total	43,756,497
22. Administrative expenses, State:	
Unexpended, June 30, 1959	708,341
New funds, fiscal 1960	8,100,000
Total	8,808,341
Grand total	8,111,521,750

RECAPITULATION

Unexpended funds, June 30, 1959	4,837,708,750
New funds, appropriated, fiscal 1960	3,225,813,000
New funds, other, fiscal 1960	48,000,000
Total	8,111,521,750

INADEQUATE PLANNING AND POOR ADMINISTRATION

Since the end of World War II the United States has spent more than $80 billion to assist nations in remaining free and in improving their economic conditions. Newly independent nations seek to build prestige by building huge dams, steelmills, and superhighways before there is need for such grandiose projects. As a result the International Cooperation Administration has acceded to too many requests for such programs and there have been to many projects begun without proper planning, determination of need, or benefits to be derived. Too often the people at the grassroots do not derive any immediate benefits from these grandiose projects—but continue to live in poverty and hunger under circumstances which certainly are not conducive to economic well-being or the development of democratic processes. Too much emphasis has been placed on meeting the personal desires of the political leaders of the recipient governments and too little emphasis on the needs of the little people who, after all, determine the potential and the future of each country.

There is a true need for technical assistance in all of the underdeveloped nations, but such assistance should be given on the basis of a smaller number of better selected projects. A study mission, of which two of the signers of this minority report were members, found more than 600 projects in being in one country and more ready to be started before completion of the existing projects. The criticism that a multiplicity of projects has been undertaken is justified by the appended compilation showing aid to and projects in countries which the study mission visited (pp. 119–172).

In too many instances inadequate planning has resulted in the undertaking of impractical and unsuitable projects in underdeveloped nations which have led to excessive spending and waste of U.S. funds. We cite the following examples in support of these charges: A highway program in Vietnam on which the costs have skyrocketed from $18 million to $85 million, and may exceed $100 million before its completion; a fertilizer plant in Taiwan, started with foreign aid money and estimated to cost approximately $34 million, which is nonoperable because some of the equipment does not meet the specifications for the desired operations, and on which the Taiwanese Government has instituted proceedings against the manufacturer for contractual noncompliance; radio towers installed in Saigon which have never been put in operation because their utility is undetermined and their location in doubt.

As a further illustration, it seems worth while at this point to go into the problem of the Saigon water program in detail, and quote from the previously mentioned subcommittee report.

"Everyone agrees Saigon badly needs a new water system, but plans have bogged down in a heated dispute between two schools of thought. On one side is the International Water Corp. of Pittsburgh which believes in deep wells. It has done business in Saigon for 30 years and has drilled most of the city's wells. On the other side is the Hydro-Technique Corp. of New York which believes in dams and pipelines.

"Our foreign aid authorities gave the Hydro-Technique Corp. a $200,000 contract for a survey 2 years ago. Hydro-Technique came up with a report favoring a dam and filtration plant on Dang Nai River near Bien Hoa, 18 miles north of Saigon. From this plant a 72-inch pipeline would lead to Saigon. The International Water Corp. made several surveys, all of which showed again that deep wells are quite adequate. What is more, the International Water Corp. said they would be much cheaper and provide water much sooner. The Hydro-Technique pipeline project is estimated to cost $19.5 million to be put in by the United States. The International claims it can give Saigon all the water it needs indefinitely for $12 to $14 million. The Vietnamese seem to favor the dam and pipeline system, but the military of both Vietnam and the United States have raised the question of security. It was at Bien Hoa that two American military advisers recently were killed when Red terrorists tossed a grenade into a movie audience.

"It is pointed out that the 18-mile aboveground pipeline could be sabotaged and the already hard-pressed Vietnamese Armed Forces probably would have to furnish daily patrols, as well as guards for the river plant.

"In November 1959 the Development Loan Fund approved a $19.5 million loan for the water system and called for another survey. Who gets the contract for this survey and what it will cost, we do not know."

The most urgent need in many of the underdeveloped countries is the employment of manpower, which is one of their greatest economic resources. There is intense need for development of the agricultural regions and the implementation of small industries so that this excessive supply of manpower may be put to productive use, instead of the multimillion-dollar projects carried out by contract with large business firms only interested in making a profit, with little or no regard for the utilization of local manpower.

LOSS OF CONGRESSIONAL CONTROL

We regret that each year there is further shrinkage in the degree of control exercised over the program by the Congress. Progressive loss of control of funds inevitably leads to loss of administrative control. In the face of our repeated criticisms over the years of the administrative deficiencies in the foreign aid program, the executive branch this year requested an appropriation of $4,175 million for mutual security. During fiscal year 1959 total U.S. mutual security expenditures were $3,898 million. Despite the fact that we are being asked to continue to pour vast sums of money into the program, this request for funds in fiscal year 1961 makes no suggestion for strengthening congressional control over the programing and expenditure of funds. Nor is any recognition seemingly given to the fact that many of the projects do not have economic justification, let alone a defense requirement.

It is true that the bill for this year contains no authorization for military assistance. The mutual security law was changed last year so as to provide that for fiscal years 1961 and 1962 such sums as might be necessary could be appropriated for military assistance. This is an open-end authorization. There is no possible way to indicate just how much will actually be spent for the military under the unlimited amount authorized. We definitely feel that such authorization further weakens the control of the Congress over the funds and over the program.

In our judgment, the Congress made a serious mistake when it changed the pattern of congressional action as regards the military aid programs which previously had prevailed for nearly 10 years. It is urgent that we return to the original procedure whereby military assistance funds were annually authorized and annually appropriated.

BUREAUCRACY IN MUTUAL SECURITY PROGRAMS

The foreign-aid program is administered by an increasingly large number of personnel without any noticeable increase in efficiency. This has led to the creation of an entrenched, self-perpetuating bureaucracy, still growing in size, power, and inefficiency. In this regard, the figures speak for themselves. In December 1948, a total of 2,858 persons were employed in the economic aid program. Today there are more than 42,000 personnel employed in the administration of the mutual security program.

INADEQUACY OF INSPECTION

The Office of Inspector General and Comptroller was created in last year's mutual security legislation to undertake the required actions to correct a program warped with waste and inefficiency. It was hoped that the creation of such an office would bring to the program a fresh review through impartial inspection by competent personnel whose judgment would not be prejudiced though longtime association with the practices and operations under consideration. It was brought out in the hearings on the program this year that personnel who have worked with the International Cooperation Administration in various capacities throughout the years are now being employed in this new Office of Inspector General-Comptroller. We find no personal fault with those administering the Office of Inspector General-Comptroller but we do feel that the decision to place the inspection of the program in the hands of those who have been intimately associated with its development was a wrong decision.

DANGERS IN THE DEVELOPMENT LOAN FUND

The Development Loan Fund continues to be an adjunct of the foreign-aid program for the making of loans rather than grants. When the Development Loan Fund was created, many of us were given the impression that the making of loans to underdeveloped countries for economic development would result in a reduction of economic grant assistance. There has been no appreciable reduction in the use of economic grant assistance funds.

Testimony received during the hearings indicates that money in the fund has been earmarked for certain countries without having received from those countries specifications and plans for particular economic projects. As a result of this unorthodox and inefficient procedure, many countries with worthy projects have been denied the assistance that they require because of the lack of funds. Until sound methods are utilized,

the Development Loan Fund cannot possibly achieve maximum success.

NEED FOR REVIEW AND REVISION OF MUTUAL SECURITY PROGRAM

In prior years we have expressed our strong conviction that a realistic and objective review of the mutual security program and the legislation by which it is implemented should be immediately undertaken. Although annual revision of the act has been made, the basic legislation has not been thoroughly considered or rewritten since 1954. We are hopeful that the entire mutual security legislation will be reviewed by the committee in the next session of Congress.

Again this year we urge a thorough study, a reappraisal, and a redefining of foreign policies and methods. What is needed is a deeper understanding of the fundamental problems, better programing, and more efficient administration. To continue to vote large appropriations for the mutual security program is not enough. To refuse to face the facts and in the very name of mutual security and freedom fail to demand adequate remedy for current deficiencies would be a negation of our congressional responsibility.

ADDITIONAL VIEWS

Previous statements of criticism of foreign aid programs and operations made by us over the years have pointed out our interest in mutual security, our dedication to peace, and our desire for friendship and understanding among peoples of all nations. We, of course, believe strongly in mutual security and hold in particular that our several commitments to aid and strengthen our allies and friends must be kept. In the past, however, in face of the obvious failure of the program to meet expectations and need, we have called repeatedly for a complete review and revision of foreign aid legislation.

This year we looked forward with much optimism to new legislation to be brought before the committee, in the hope that it would adequately meet the challenge that this country faces as the leader of the free world. We foresaw legislation that would carry at least indication of needed success. We foresaw furthermore the possibility of strengthening the bill that was offered, through essential amendments. Such amendments did not pass.

H.R. 8400 fails to meet the critical need as demonstrated by our world situation for new and practical vision; adequate new tools; built-in guarantees against repetition of former errors and miscreancy; and assurances of sufficient increased regard for U.S. interests. As sincere critics of past programs and past performances, we regret, perhaps more than others, that this new legislation fails to meet either our anticipations or the need.

At a time when our Nation faces new trial and challenge—a challenge that all Americans accept with requisite courage and determination—nothing less than the best should be considered acceptable or accepted.

The basic problem which this Congress must face is the one that we expressed to the Secretary of State on the first day of our hearings:

"The problem of why it is, after all these years, despite a noble goal and good intentions and unstinted appropriations, that we are presently where we are" (hearings, p. 90).

And the partial answer must be, noble goals and good intentions and billions of dollars are not, in themselves, enough.

We agreed in large part with and signed the supplemental views of the minority stated elsewhere in this report. We, too, agree that the note-issuing authority is not a necessary method or a proper method to finance long-term development loans.

We further agree, as regards the hope of the administration to obtain social reform in the countries to be aided that a new method of financing our program at home will not hasten reforms abroad—unless that method will ignore or minimize foreign policy objectives.

We agree with the supplemental views that the record does not justify the expressed fear that the Congress would fail to provide the funds needed to continue valid foreign assistance programs. The two signers of these additional views remain unconvinced, however, that "friends" can be won—or social reform necessarily imposed—through "dollar diplomacy." We particularly concur with the statement that the proposal for borrowing from the Treasury to meet the costs would weaken the control of Congress.

FISCAL RESPONSIBILITY REQUIRED

However, our criticism of H.R. 8400 goes further than the pointed objections raised in the minority supplemental views and must in good conscience be accordingly expressed.

At this critical moment in U.S. history, it is incumbent upon us to insist upon the most thorough and complete fiscal justification for any and all expenditures that Congress votes. This is all the more true in face of rising military costs. We must take a long hard look at all spending programs. As we already know, the budget deficit for fiscal year 1961 amounted to $3.9 billion—well beyond expectations; and it is estimated that in fiscal year 1962 the deficit will reach at least $5 billion. Our concern must be focused on the magnitude of expenditures in the foreign aid bill, not only for fiscal 1962, but in the years ahead.

MONEY REQUESTED AND SUMS AVAILABLE

The foreign aid bill for fiscal year 1962, as reported by the committee, specifically authorizes $4,355,500,000. The new sums will be made available despite an estimated unexpended balance as of June 30, 1961, of $5,443,412,000, of which approximately $145,500,000 remains unobligated. The bill, however, sets no overall cost on foreign aid beyond the $8,800 million in loans over 5 years, plus $1,368.5 million in grants to be made available in fiscal year 1962. It does give the President such wide authority to tap other programs and resources, including the military stockpiles and interest accruing from and repayments of previous loans, that the total authorization is far greater. An estimated total outlay of over $30 billion over the next 5 years is closer to reality; and this does not include $1,800 million in military aid for 1962, and sums appropriated in the succeeding years for military assistance, plus such sums as may be necesary to implement the act.

It is almost impossible indeed to get two agreeing estimates as to the actual amount of money contained in this bill (H.R. 8400). In the corresponding bill brought out by the Senate, which is essentially similar in amounts, Senator HARRY BYRD, chairman of the Senate Finance Committee, points out: "Assuming annual appropriation authorizations at the 1962 level throughout the period 1962–66, along with other available funds, the 5-year cost of foreign aid as contemplated in this bill (S. 1983) may be estimated at more than $36.6 billion." His estimate is based on the following chart which appeared on page 12903 of the CONGRESSIONAL RECORD for July 28, 1961:

Spending authority for U.S. foreign aid programs provided in S. 1983, as reported to the Senate, July 24, 1961 (5-year projection, fiscal years 1962–66)[1]

[In millions]

Page	Line	Authorization and program	Amounts authorized specifically		Amounts authorized generally		Amounts provided from other sources		Total		
			Fiscal year 1962	Fiscal years 1963–66	Fiscal year 1962	Fiscal years 1963–66	Fiscal year 1962	Fiscal years 1963–66	Fiscal year 1962	Fiscal years 1963–66	Total
		Development assistance:									
6	9	Loans: Authority to spend from public debt receipts	$1,187	$7,600					$1,187	$7,600	$8,787
		Grants, etc.:									
11	11	Development grants	380			[1] $1,520			380	[1] 1,520	1,900
14	25	Authority to guarantee investments abroad	(1,100)						(1,100)		(1,100)
15	22										
22	9	Surveys of investment opportunities	5			[1] 20			5	[1] 20	25
24	23	Contributions to international organizations and programs	154			[1] 614			154	[1] 614	768
27	13	Supporting assistance	450			[1] 1,800			450	[1] 1,800	2,250
27	18	Contingency fund	300			[1] 1,200			300	[1] 1,200	1,500
		Subtotal, grants	1,289			5,154			1,289	5,154	6,443
92	25	Administrative expenses	51			[1] 204			51	[1] 204	255
		Unexpended balances continued available:									
99	1	Appropriations and other authorizations			$3,108				3,108		3,108
51	21	Foreign currencies			631				631		631
		Subtotal, balances			3,739				3,739		3,739

Footnote at end of table.

Spending authority for U.S. foreign aid programs provided in S. 1983, as reported to the Senate, July 24, 1961 (5-year projection, fiscal years 1962–66) [1]—Continued

[In millions]

Page	Line	Authorization and program	Amounts authorized specifically		Amounts authorized generally		Amounts provided from other sources		Total		
			Fiscal year 1962	Fiscal years 1963–66	Fiscal year 1962	Fiscal years 1963–66	Fiscal year 1962	Fiscal years 1963–66	Fiscal year 1962	Fiscal years 1963–66	Total
		Grants, etc.—Continued									
		Other:									
45	3	Authority for Federal agencies to furnish service and commodities									
51	21	Authority to use foreign currency receipts from loans, Public Law 480 activities, etc., estimated					$1,000	$4,000	$1,000	$4,000	$5,000
		Total, development assistance	$2,527	$7,600	$3,739	$5,358	1,000	4,000	7,266	16,958	24,224
		Military assistance:									
31	30	Grants, etc	1,800	1,800		[1] 5,400			1,800	[1] 7,200	9,000
99	1	Unexpended balances of appropriations continued available			2,370				2,370		2,370
		Other:									
34	20	Authority to sell military stocks to foreign countries, etc									
35	10	Authority to contract for procurement of military stocks for sale to foreign countries, etc									
37	5	Authority to use Department of Defense military stocks	200	800					200	800	1,000
		Total, military assistance	2,000	2,600	2,370	5,400			4,370	8,000	12,370
		Grand total	4,527	10,200	6,109	10,758	1,000	4,000	11,636	24,958	36,594

[1] Assuming 1962 level of appropriations.

In regard to the provision for development lending, moreover, certain realities must be faced. "There is no certainty as to the terms and conditions imposed on each and every loan. It will be possible for the Executive to make low- or no-interest-bearing loans, and long-term loans for as long as 50 years, with no principal payments in the first 10 years." If the Treasury Department has to borrow at 4 or 5 percent for the financing of development loans at low or no interest rates, it is concelvable that our national debt will invariably increase again, and as a byproduct spiraling inflation is bound to affect our economy. In addition, whatever the good intentions of the executive branch in providing that payment of interest and principal should be in U.S. dollars, we doubt whether such payment can be expected in the forseeable future from those countries receiving aid, particularly those countries which, in the opinion of the Administrator, might seem to be most in need of the "dreamed of" social reform or help.

INCREASED EXECUTIVE POWERS

If, however, it is difficult to obtain any reasonable estimate of the amount of moneys provided by this legislation, it is even more difficult to measure or estimate the amount of the increase of authority granted to the Executive. The bill grants unprecedented flexibility to the executive branch in the administration and manangement of the program.

Year after year Congress has continued to delegate to the executive branch more and more authority to spend ever-increasing amounts of money. This year the increased delegation of power to the Executive is greater than ever before and goes far beyond what is necessary. The danger, as is of course evident, arises from the fact that the President must delegate the responsibility for drawing plans and spending the money; and that, accordingly and necessarily, the careful supervision that he might give cannot be extended to the extent necessary. In this bill there are 51 grants of discretionary power to the President and 18 authorizations to disregard other laws which apply to foreign aid. While many of these grants of power have been in previous foreign aid legislation, in one form or another, it must be taken into consideration that heretofore the authorization has been limited to 1 year.

The ambiguity that exists concerning the authority granted to the executive branch is equaled if not surpassed by ambiguities of provisions within the bill. The committee made an effort to discover and remove such ambiguities. The fact remains, as is clearly visible to Members of Congress reading the legislation, that indefinite provisions open extensions of authority, waiving of previous laws, etc., make it exceedingly difficult to discover and estimate the exact degree of power that is being yielded by Congress to the executive branch. Even friends of the program have termed this bill a "legislative monstrosity." In fact, it might be said that most Members who vote for this bill if, in fact, anyone, could not possibly know all that he is voting for.

As one instance of the indefiniteness of authority, H.R. 8400 provides that "the President is authorized to make loans payable as to principal and interest in U.S. dollars on such terms and conditions as he may determine." This indefiniteness of course serves to increase already practically unlimited authority.

It must not be forgotten that the power to use funds without limitation at any delegated level is not only the power to spend but to initiate and carry through policies which might be completely unknown to the Congress—or which, in fact, could frustrate the will of Congress. It is difficult to believe that decisions of major importance or which concern the vital security of this Nation could be better made by bureaucratic executives, through use of the powers delegated to them, than by Members of the Congress responsible to the people who elect them.

We have made no attempt in this report to give a complete analysis either of the bill or of all our points of difference with it. Among such, we might mention its failure to make authorizations for definite appropriations to the international organizations so long provided for in previous corresponding acts. Here, again, the right of decision both as to beneficiary and amount is provided through the mere grant of a lump sum appropriated to the President. We also belong in the group of Members of this Congress who are opposed to the further weakening of the Battle Act (Mutual Defense Assistance Control Act). We, therefore, regret the amount set apart in the President's contingency fund that can be spent without regard to the provisions of the Battle Act. The contingency fund this year is $300 million.

CONCLUSIONS

However, although the defects of the bill are many, transcending all others is the relinquishment of congressional control over the program. The trend in the past has been for the executive branch to request, and to receive, ever greater flexibility; but now the Congress is requested abjectly to abdicate its powers and to grant a blank check to be cashed wherever, by whomever, and in whatever amounts as are designated by those in charge of the foreign aid program.

That continuation of congressional supervision is badly needed is attested to by the failures in past performance. The effectiveness of foreign aid has fallen far short of the millions of words spoken and the billions of dollars spent in its behalf.

Mr. Justice Douglas, in a speech at Mount Holyoke College on June 4, 1961, for instance, had this to say about the aid we have given since World War II:

"The underdeveloped nations that received our aid are mostly worse off for it * * *. The main impact of American foreign aid was to widen the gulf between rich and poor, helping to create the vacuum into which the Communists easily move."

The burden to the taxpayers of the United States, however, gives no promise of being lifted.

Confronting the present crises this Congress, therefore, should accept nothing less than reconsideration of past errors and adoption of adequate measures not only to correct such errors but to provide the effectiveness so long lacking. The Congress cannot and should not abrogate its responsibility nor permit the weakening by one iota of its power to inspect, to authorize, and to appropriate.

For Congress to relinquish the check on the program inherent in the congressional prerogative to authorize and appropriate is an abandonment of congressional responsibility. Only through retaining such power can we hope to regain and hold control of the foreign aid programs and the spending therefor. We repeat, this requires annual review of foreign aid operations coupled with requisite authorization and appropriation. As one responsible member of the Appropriations Committee put it recently, "If the administration gets the backdoor approach to foreign aid, the control will not be returned to Congress."

That must not happen.

MARGUERITE STITT CHURCH.
E. ROSS ADAIR.

WASHINGTON REPORT

(By Congressman BRUCE ALGER, Fifth District, Texas)

JUNE 20, 1959.

The Mutual Security Act (foreign aid) passed 271 to 142 (ALGER against) after 3 days debate. Approximately $3,500 million was involved, mainly allocated to military assistance ($1,440 million), economic ($1,900 million)—which includes defense support ($750 million), Development Loan Fund ($700 million), technical assistance ($209 million), special assistance ($250 million)—and contingency fund ($100 million).

Military assistance goes to 37 countries (26 of these also get economic aid). Our 1,700 combat ships, 42,000 planes, and 900,000 men are increased by our allies by 2,500, 30,000 and 4.9 million respectively. We also maintain 250 oversea military installations to support our far-flung Strategic Air Command (SAC). Since inception in 1949, the United States has spent $22 billion and other nations $122 billion in the joint military effort. (Yugoslavia got $800 million). NATO (North Atlantic Treaty Organization) gets most of the funds, although South America, the Mid-East, Asia, and Far East are included.

Economic assistance ($1,900 million) is dispensed as Defense support. Development Loan Fund, technical assistance, and special assistance. Defense support goes to 12 nations—Korea, Republic of China (on Formosa), Vietnam, Philippines, Laos, Cambodia, Thailand, Pakistan, Iran, Turkey, Greece, and Spain. Actually, it is twofold: (1) Outright grant to help support economically the increased military capability, and (2) grants and loans to develop economically the industries and standard of living. The Development Loan Fund is continued and expanded by $700 million to provide increased loans, repayable in local currency (so this becomes a gift). Technical assistance is offered to 49 countries and 9 territories, designed to introduce innovations and increase skills, also to improve standards of living with emphasis on health, education, agriculture, industry to lay basis for long-term benefits. We provide (1) U.S. technical experts, (2) materials for demonstation projects, (3) education in this country for foreign people, (4) U.S. colleges contracting to organize educational institutions in foreign countries. Special assistance provides health and education programs in West Berlin, Afghanistan, Bolivia, Burma, Ethiopia, Haiti, Indonesia, Israel, Jordan, Liberia, Libya, Morocco, Nepal, Somalia, Sudan, Tunisia, and Yugoslavia. This is conceived to be "economic aid that is necessary to achieve political, economic, humanitarian or other objectives of the United States." The contingency fund is at the disposal of the President for discretionary use to further any aim of the act as the President may see fit.

Historically, foreign aid extends the lend-lease philosophy of World War II. Earlier, aid in World War I was in the form of loans with interest, some later canceled. After World War II, $3 billion was spent through UNRRA (United Nations Relief and Rehabilitation) in liberated countries to purchase goods for immediate needs. Then the International Monetary Fund was established for currency convertibility, and the World Bank for reconstruction loans. The Marshall plan for European economic recovery provided $5 billion a year for 4 years. Always, the overall purpose was twofold—(1) Survival from aggression; and (2) continuation of our free society. The magnitude of U.S. foreign aid is $124 billion since July 1, 1940, to June 30, 1959, $49 billion through World War II, and $75 billion since then (plus this bill). In addition, we have $3,420 million in international funds.

The area of agreement in debate over foreign aid includes recognition of the need for: (1) Disaster relief to other nations; (2) combating the threat of Soviet imperialism; and (3) stable economic relationships of the United States and other nations in their respective growths. The area of disagreement embraces everything else. Probably there are as many differing views as there are Members of Congress. Basically, there seem to be two prevalent attitudes. Some believe governmental foreign aid is necessary and permanent in the immediate and long-run interest of the United States, that weaker countries must be aided, that the national interest is in the humanitarianism of our Government. Others believe in the "fortress America" argument, that the United States must concentrate on its own military and economic strength, relying less on strong allies, and that humanitarianism or charity begins at home and is not, as now practiced, the role of government.

Perhaps arguments for and against will highlight these differences. For (1) help build a strong free world alliance essential to U.S. security; (2) help U.S. allies build adequate defenses without imperiling their basic economy; (3) provide a more economical defense for United States in money and manpower; (4) help deter Soviet aggression and to meet it more effectively if deterrence fails; (5) help raise living standards in the less developed areas and thus make Communist claims less attractive; (6) lay foundation for world prosperity by building self-sustaining economies; (7) Help develop favorable attitude toward United States; (8) Help stimulate increased private American investment in underdeveloped areas; (9) Help increase American exports and develop markets in underdeveloped areas; (10) Help provide employment for Americans.

Arguments against (generally in same order): (1) United States is providing much larger percentage (of its national income) on military contribution than the Allies. Are our allies really neutrals? Will these nations use these arms against each other or us? (2) United States is imperiling its own economy by giving away borrowed money. U.S. debt is greater than that of all the world, it operates at a deficit, its gold supply is being drained by these gifts to others, its currency is becoming "soft" in the world market; (3) Such outpouring of our wealth therefore is not the economical way. Anything imperiling our basic economic strength weakens (a) our military potential and capability, and (b) our freedom, now and for future generations; (4) We do not deter Russian aggression by spending when one of their own dedicated aims is to "spend us into bankruptcy." (5) The fallacy of communism successfully preying on poverty is not borne out in fact, though many accept it unquestioningly. Raising economic standards does not in itself dispel communism; (6) Self-sustaining economies cannot be imposed by U.S. dollars or know-how but by development from within the individual country; (7) The attitude toward United States will not be determined by monetary help. We cannot buy friends or allies; (8) Private American investments will result from presence and recognition of opportunity for profit; (9) Foreign aid as a subsidy for American business and employment is wrong. On the contrary, such aid has built industries abroad for which taxpayers paid and which now compete with our industries and our employment to U.S. detriment, although it may not be a permanent dislocation.

Unanswered questions include: (1) What is effect and relationship between foreign aid gifts and trade balance between recipient nations and the United States? (2) Has U.S. private investment gone up or down in these nations? (3) Have these nations benefited, measured by their economic growth? (4) How much buying is done abroad and in the United States with these foreign aid dollars? (5) How much have private U.S. banks loaned to private investors in foreign economic endeavors? (6) What relationships are there between the Export-Import Bank, the World Bank, and foreign aid's Development Loan Fund to particular nations? (7) Is the investment guaranty program sound? (8) How much Public Law 480 agricultural surpluses are given away in relationship to foreign aid, and how much and what happens to these local currencies thus generated? As I see it, the foreign aid program is self-defeating and is badly in need of review. We help neutrals or enemies and alienate friends. We rely on materialism when freedom, free enterprise, and deep-seated spiritual beliefs are our ruling precepts. We expound charity, simultaneously manipulating our gifts as instruments of foreign policy. This confuses everyone, including ourselves.

My conclusions are these: (1) Our Government intends that foreign aid shall be continuous and global; (2) the threat of Communist aggression rules out our continuing to dispense lavish foreign aid when our own economy is threatened and our defenses are inadequate; (3) in a number of recipient countries our foreign aid helps to strengthen political systems hostile to our own; (4) our foreign aid speeds rather than retards the growth of communism; it inflates our economy; it is partially responsible for the alarming flight of gold from our control; it is destroying our foreign markets and increasing unemployment among American workers; (5) by the very nature of the foreign aid we extend, it must be inefficient and wasteful; and (6) our governmental foreign aid program is unsound in principle.

My recommendations are these: (1) That our traditional generous private charity and governmental grants to relieve disaster be continued; that we encourage the expansion of our private missionary efforts; (2) That in countries which we are morally obligated to defend and which are directly threatened with Red aggression, military assistance—for the time being—should be continued, but on a realistic basis, (3) That foreign aid which directly or indirectly promotes governments that are hostile to our constitutional concepts of government be terminated immediately; (4) That so long as governmental foreign aid is continued, the recipient should pay a part of the cost of the proposed project; that our aid should terminate when the conditions on which that request is based have been remedied; that private technical, scientific, and educational assistance be extended only to friendly peoples who seek our aid on a cash or loan basis; (5) That until foreign aid is terminated, the Congress take steps properly to exercise close supervision and control over the manner in which all foreign-aid funds are being spent; that all future economic aid, plus what can be salvaged from unexpended foreign-aid funds, be diverted to and handled by the Export-Import Bank; (6) That the $3.9 billion requested by the President for the fiscal year 1960 be reduced $2 billion and that each year thereafter foreign aid be substantially reduced until terminated within 3 years; and (7) That military matters be left to our military and foreign affairs be left to the State Department, and their existing organizations, so we can dismantle the huge 12,500-person foreign-aid bureaucracy, and stop the duplication of effort.

WASHINGTON REPORT

(By Congressman BRUCE ALGER, Fifth District, Texas)

AUGUST 1, 1959.

The foreign aid appropriation (mutual security) bill and debate was history repeating itself (newsletters, June 20, 1959, March

4, May 17, 1958). The earlier $3.5 billion authorization (reduced from $3.9 billion request) was cut this go-round to $3.1 billion and passed 279–136 (ALGER against). The component parts are: (1) Military assistance; (2) defense support; (3) Development Loan Fund; (4) development assistance; (5) technical cooperation; and (6) contingency fund.

Facts and figures from debate and hearings (1,781 pages): (1) Of 86 nations in the world, United States has given $82 billion to 76 nations since World War II; (2) U.S. foreign aid personnel has grown from 458 in 1948 to 53,600 in 1958; (3) 67 free nations' debt is $185 billion; the Soviet bloc has debt of $51 billion; the U.S. debt is $285 billion, $48 billion more than all the rest of the world combined; (4) total money available (unexpended $4.8 billion, this bill $3.1 billion) is $8 billion plus foreign currencies we own of $1.5 billion or approximately $9.5 billion (actually there's more); (5) yearly foreign aid includes other military expenditures than in foreign aid bill (over $1 billion) and surplus food gifts ($1 billion or more), approximating $5.5 billion. Add to this the yearly interest on $82 billion of foreign aid now part of the national debt, $3.1 billion, makes actual yearly foreign aid $8.5 billion; (6) over 2,000 separate projects have now been reduced to 1,450, many abandoned as impractical (9 pp., 60 specific projects documented in hearings); (7) Comptroller General of United States has audited and examined foreign aid, found it overprogramed and mismanaged, inefficient, etc., with too much money the chief cause of the trouble.

Random examples: (a) Graft, corruption, and profit from improper distribution and sales of aid materiel by foreign businessmen and officials; (b) military vehicles delivered could not be used, shortage of drivers and maintenance; (c) ammunition and equipment ruined because not properly stored; (d) 44 tires per truck stored in one nation; (e) 185 year's supply of particular ammunition on hand in one country and only one carburetor for trucks for entire army; (f) 4,000 tons excess ordnance materiel in one country's depot; (g) diversion, pilfering and thievery until military supplies were short in another country. (8) Civilian projects of all kinds are financed, many types of which Government cannot provide in our country (list of 113 such projects, p. 940, hearings); aid for education purposes has gone to over 50 countries, including Yugoslavia; (9) classification as secret or other security designation covers up glaring faults of the program; (10) 1,113 audit recommendations by ICA (International Cooperation Administration) and GAO (General Accounting Office) findings all show lack of planning and cost relationships; (11) military assistance, the most justifiable of the component parts, is replete with errors—(a) inadequate estimates of needs and costs; (b) inadequate relationship of cost and objectives to be achieved; (c) improper recordkeeping of total costs by country, and others; (12) groups that enjoy windfalls or are vitally interested are (a) printing and publishing industry, (b) motion picture industry, (c) shipping, (d) manufacturing, (e) export and import firms, (f) commercial banks, (g) colleges and universities, (h) clergy, (i) military. (13) "Loan" of Development Loan Fund is fictitious, repayable 80 percent in local currency which United States can't use; further, Congress has no control over this fund.

A few, even more than a few, instances of mistakes should not condemn such a program as foreign aid, but the almost endless examples of error, inefficiency, waste, mismanagement, overprograming, lack of objectives, and underplanning, in many countries culminating in aiding our enemies (Yugoslavia, Poland, Indonesia, etc.) and alienating our friends proclaims these as basic faults that need correction, not acceptance and continuation. As a nation, we cannot spend ourselves rich. We cannot make ourselves secure by giving ourselves away. We cannot buy friends; they do not stay bought. The greatest fallacy is to ascribe aid as charity or "be thy brother's keeper" through foreign aid by our Government. The real Biblical meaning is the practice between individual human beings, not governments, which by nature must be impersonal and realistically self-interested. This fundamental difference and role of government needs to be studied. As I oppose big Federal spending where there is wastefulness or contradiction of purpose, am I negative or anti—as adduced in the last campaign?

WASHINGTON REPORT

(By Congressman BRUCE ALGER, Fifth District, Texas)

AUGUST 19, 1961.

Foreign aid occupied both the House and the Senate this week. Hottest debate revolved around the President's demand for 5-year authority to borrow directly from the Treasury (back-door spending, bypassing Congress constitutional responsibility), and continuing aid to Communist countries. I took the floor on 3 days to (1) object to the entire bill, (2) object especially to giving aid to Communist and Socialist countries, as well as neutral countries.

In opposition to the entire mutual security bill, I stated on Wednesday (CONGRESSIONAL RECORD, p. 14969): "In my opinion it is absolutely essential that we take a long hard look at the whole foreign aid program so that it may be revised to meet U.S. self-interest rather than to continue as a gigantic worldwide welfare scheme paid for by American taxpayers and which is not achieving the goal of stopping the spread of communism." Reasons for opposition to the bill:

1. Poor administration.

The bill will not provide improved administration, better recruitment in the personnel, the result being increased ineffectiveness, greater and more widespread scandals.

2. Back-door financing is wrong.

The 5-year loan authority totaling $7.3 billion represents a loss of congressional control and a loss of congressionti scrutiny of the programs annually.

3. What is really needed is a complete review and revision of foreign aid legislation based on a self-interest statement of the United States.

4. Dollar diplomacy (throwing money at problems in an attempt to solve them) creates more problems in attempting to force our culture and our standard of living and social reforms on people and governments who take our money but do not want a different way of life than they now have.

5. The bill is not fiscally responsible. The bill and the report show no one knows the total cost; $30 billion over the next 5 years in the report, $36.6 billion according to Senator BYRD.

6. No terms or conditions on loans totaling $7.3 billion in the next 5 years. It will be possible for the Executive to make low or no-interest-bearing loans as long as 50 years with no principal payments in the first 10 years. According to Senator BYRD (CONGRESSIONAL RECORD, p. 14478) "interest on Federal debt, as it would be created by this bill (Senator BYRD figures the loan lost will be $8.8 billion in the next 5 years) for the loan program alone, computed at 3 percent, compounded annually for 50 years would total $29.7 billion.

This would be nearly 3½ times the principal. That is to say that inasmuch as all of the money which would not be appropriated in the regular course must be borrowed at about 3-percent interest, if no interest is received from the countries to whom the loans are granted, the compounded interest on the loans made by our Government will be $29.7 billion.

7. Danger in tremendous increase in Executive power and control of spending. I oppose Congress delegating its authority as a violation of the oath we take to support the Constitution.

8. Too many ambiguities of the provisions within the bill which make it a legislative monstrosity.

9. Foreign aid is failing to achieve its objective—witness the growth of communism during our huge outpouring of money. It is self-defeating, causing us to lose, not win, the struggle with communism.

10. We are wrong in committing future Congresses to appropriations, a violation of congressional procedures and could be unconstitutional.

11. It further increases the pressure on our balance of payments. We continue to give away dollars which can be redeemed in gold when foreign nations already hold approximately the same dollar volume as we have gold. Any "run on the bank" would deplete our gold supply.

12. The foreign aid program is being sold as a subsidy for U.S. industry. This philosophy is wrong and endangers our economy. It will return to haunt us.

On Thursday and Friday I spoke against giving aid to our enemies. When we give aid to Communist Tito, to Poland, and other Communists, indeed, to Socialists like Nehru and those of India, we are giving aid to our enemies. When we give money to the Communist and Socialist governments we are aiding the philosophies and governments that are determined to destroy us. We will either win the fight or we will lose the fight. There will not be peaceful coexistence, which is a Communist line.

I stand with the American taxpayer who is footing the bill in saying we are sick of pouring out money to a dedicated enemy. Let us gird ourselves and not give a penny to any government that does not guarantee its people certain freedoms, freedom of election, freedom of press, freedom of speech, freedom of religion. We must make this agonizing reappraisal—to stop subsidizing an alien philosophy. Let us say that we will aid only dedicated friends, not our enemies, not the neutrals.

A bitter disappointment was the defeat of an amendment by Congressman JOHN BELL WILLIAMS, of Mississippi, which would have prohibited aid to any country which voted in the United Nations to seat Red China. (The vote, 212 to 2.)

The mutual security bill passed the House late Friday evening, 287 to 140. It is an unfortunate truth that the few conservative victories limiting the bill (including reducing the 5-year authority of the President to yearly scrutiny by Congress) will be deleted in the conference with the Senate version and thus probably will not be in the final bill.

WASHINGTON REPORT

(By Congressman BRUCE ALGER, Fifth District, Texas)

SEPTEMBER 9, 1961.

As predicted in my newsletter of August 19 a greatly amended foreign aid authorization bill was sent back to the House from conference and was approved on August 31, 260 to 132. The final bill authorized appropriations of $4,253,500,000 for foreign economic and military aid in fiscal 1962 and $1.5 billion in each of the following 4 years for Development Loan Fund long-term, low-interest development loans. The bill also authorized the President to establish a new foreign aid agency. The final bill did not include the long-term borrowing authority requested by

the President. He had asked for authority to borrow $8.8 billion from the Treasury for the Development Loan Fund over a 5-year period fiscal 1962–66 to finance long-term, low-interest development loans. The final bill authorized $1.2 billion for fiscal 1962 and $1.5 billion a year for fiscal 1963–66, making $7.2 billion available for development loans over the 5 years but required annual appropriation of funds (at least a partial victory for those of us in the House who fought the transfer of responsibility for appropriations from Congress to the Executive.)

The foreign aid appropriation bill was whipped through the House in 1 day, September 5, by a record vote, 270 to 123. The bill as approved appropriated $3,357,500,000 for foreign aid, $896 million less than carried in the authorization bill, but $300 million more than recommended by the House Appropriations Committee.

One of my principal objections to foreign aid is the money we give to our enemies and so-called neutral nations. This objection was supported during the debate on the foreign aid bill by Congressman GLENARD P. LIPSCOMB, of California, who pointed out that the dollars of U.S. taxpayers are being sent to Cuba to bolster the Communist regime of Fidel Castro. Congressman LIPSCOMB, a member of the House Appropriations Committee, pointed to the report on the foreign aid appropriations bill. He said each year the President requests millions of dollars to cover U.S. contributions to international organizations. In just one instance, LIPSCOMB pointed out, the Pan American Health Organization is providing 32 Russian jeeps for a malaria eradication program in Cuba. Although malaria has a low incidence rate there, the eradication allotment in 1961 is $79,766, or 20 times the amount budgeted in 1958, before Fidel Castro came to power. This has been augmented by a $99,000 allotment from the World Health Organization Malaria Eradication Special Account, for the purpose of providing the Soviet jeeps to Cuba. The American taxpayer pays 60 percent of the cost of the so-called health plan for Cuba instigated by PAHO.

United Nations Special Fund: LIPSCOMB reminded Congress that this fund to which the United States contributes 40 percent on May 24 granted $1,157,600 to aid agricultural research programs in Cuba. U.S. contributions for the fiscal year 1961, both assessed and voluntary, amounted to $241,799,522 to over 50 international organizations and their related activities. According to Congressman LIPSCOMB, it appears that very few, if anyone, have ever attempted to figure out where this money actually goes, and actually what it is used for.

Add to these startling statements of how the U.S. taxpayer is contributing to countries dedicated to our destruction, the utter contempt for the United States and our ideals expressed by the delegates to the Conference of uncommitted nations at Belgrade last week, and the course we are taking to our own national suicide (newsletter of August 26) becomes more apparent. The nations present at the Belgrade Conference have been the recipients of $7.2 billion from the American taxpayers. Yet not one voice was raised in behalf of American policies. Not a single delegate protested a vicious attack on the United States by the Communist delegate from Cuba. On the other hand, no official action was taken by the Conference to condemn the Soviet Union for its wanton disregard of humanity for its devious use of 3 years of useless negotiations on banning nuclear testing to build up its own arsenal and then arrogantly begin testing within hours of an announcement that it would. No protests from the uncommitted nations for the enslavement of 17 million human beings in East Germany. While India's Nehru piously asks the United States to negotiate with the Communists on issues which are not negotiable, he utters not a word of protest at the brutal and barbaric invasion of Tibet and the inhuman atrocities practiced on her people by the Communists.

It's time we faced facts. The uncommitted nations are not uncommitted, nor are they neutral. For whatever reason, fear or self-interest, they are alined with Soviet Russia and when the chips are down, in the final contest between freedom and Communist slavery, they will be against us unless they are convinced that we are stronger and will win the battle. There are no moral grounds for neutralism in a fight to the death. Those countries which give aid and comfort to our enemy also become our enemies. My own position is opposed to foreign aid until it is used in the self-interest of the United States.

Mr. PELLY. Mr. Chairman, in view of the uncertainty as to the effect of my amendment, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. GROSS. I would have to object to that, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington [Mr. PELLY].

The question was taken; and on a division (demanded by Mr. GROSS), there were—ayes 32, noes 81.

So the amendment was rejected.

The Clerk read as follows:

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 106. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out "1962" and "$153,500,000" and substituting "1963" and "$148,900,000", respectively.

Mr. JONES of Missouri. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES of Missouri: On page 8, line 16, strike out the period and insert a semicolon, followed by a proviso reading as follows: "and is further amended by adding the words: *'Provided,* That the contribution of the United States to any special or cooperative fund of any international organization or program may not exceed 50 per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each such year after 1962.' "

(Mr. JONES of Missouri asked and was given permission to revise and extend his remarks.)

Mr. JONES of Missouri. Mr. Chairman, this amendment would place a limitation of not more than 50 percent on any contribution to any international or cooperative program under the United Nations or elsewhere.

The reason I am offering this amendment is because, as I stated earlier in the day, and as stated by the chairman of the Committee on Foreign Affairs, the gentleman from Pennsylvania [Mr. MORGAN], there are several programs where we contribute 70 percent.

Mr. Chairman, last year I tried to get this amendment written into the appropriation bill, but it was ruled out of order because it was legislation. This is our opportunity. This would not have the effect of increasing any of the contributions, because in the present law there is already a limitation of 40 percent on the contributions to the United Nations Expanded Program of Technical Assistance, and also the United Nations Special Fund. This would mean that any time the United States feels justified in appropriating as much as 50 percent of any program or more than 50 percent, it will be a U.S. program, and we will have full control over it and it will not be subject to having other people try to tell us how we are going to spend our money.

Mr. Chairman, I yield back the balance of my time.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, in most of the international organizations to which we belong the assessment on the contribution of the United States has been going down. For instance, our share of the U.N. budget dropped from 39 to 32 percent over a period of years; the special fund of the U.N. dropped from 46 to 40 percent; UNICEF dropped from 72 to 44 percent from 1954 to 1962. The NATO science program dropped from 50 to 33 percent, and it is now down to 24 percent for fiscal year 1963.

Mr. Chairman, the only organizations that the amendment offered by the gentleman from Missouri [Mr. JONES] is going to really hurt are some of our inter-American organizations. There are several of them, that are over 50 percent. It is true that we pay approximately 70 percent of the Palestine refugee program. The other is the Organization of American States to which our contribution is approximately 70 percent. Our contribution to most of the U.N. organizations, outside of the Palestine refugee program, is below the 50-percent figure. Several of the organizations to which we contribute over the 50-percent figure are in Latin America. Our contribution to the Pan American Union is 66 percent. There is also the American Institute of Geography and other inter-American programs such as the Pan American health program to which we contribute over 50 percent.

Mr. Chairman, the amendment offered by the gentleman from Missouri will be aimed directly at our inter-American organizations.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri.

The amendment was rejected.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 8, line 12, insert "(a)" immediately after "SEC. 106.", and immediately below line 16 on page 8 insert the following:

"(b) Such section 302 is further amended by adding at the end thereof the following: 'None of the funds appropriated pursuant to this section or any other law shall be used for the purpose of making any loans or grants to the United Nations (except for payment by the United States of its assessed share of the expenses of that Organization), or for the purchase of any bonds or other certificates of indebtedness of the United Nations, until such time as all members

of the United Nations have paid in full their share of the expenses of that Organization, including their share of the expenses of United Nations operations in the Congo and the Gaza strip.'"

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, according to the latest United Nations report that I have seen, contributions due from member nations as of December 31, 1961, total $93,915,569.45. It is my understanding that some 72 nations have failed to pay their assessments for the United Nations Emergency Force in the Middle East, and 74 nations have not paid their assessments for the Congo operation. Of course, the United States has paid in full its assessments plus voluntary contributions. Few people realize that in 1961, in addition to paying our regular assessment of about $32 million for the Congo deal, we made a voluntary cash contribution of $15,300,000 to permit the assessments of a number of other nations to be reduced 80 percent. Among the countries to benefit were two Soviet-bloc nations, Bulgaria and Albania. Another country benefiting from that nefarious business was Communist Cuba.

Yes, we paid 80 percent of the costs of these three Communist countries and yet they will not even pay the other 20 percent.

Mr. Chairman, I think you all understand what my amendment purports to do; that is, to stop any further contributions to the United Nations over and above the regular assessments until and unless the delinquent countries pay up. I urge adoption of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The question was taken; and on a division (demanded by Mr. GROSS), there were—ayes 90, noes 78.

Mr. MORGAN. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. GROSS and Mr. MONAGAN.

The Committee again divided, and the tellers reported that there were—ayes 124, noes 112.

So the amendment was agreed to.

The Clerk read as follows:

Chapter 4—Supporting assistance

SEC. 107. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out "1962" and "$465,000,000" and substituting "1963" and "$440,000,000", respectively.

Chapter 5—Contingency fund

SEC. 108. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended as follows:

(a) Amend subsection (a) by striking out "1962" and "$300,000,000" and substituting "1963" and "$275,000,000", respectively.

(b) Amend subsection (b) by striking out "keep" and substituting "provide quarterly reports to" and by striking out "currently informed of the use" and substituting "on the programing and the obligation".

Chapter 6—Assistance to agrarian economies

SEC. 109. Section 461 of the Foreign Assistance Act of 1961, as amended, which relates to assistance to countries having agrarian economies, is amended by adding at the end thereof the following: "In such country emphasis shall be placed also upon programs of community development which will promote stable and responsible governmental institutions at the local level."

PART II—INTERNATIONAL PEACE AND SECURITY ACT OF 1961

Chapter 2—Military assistance

SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended which relates to military assistance is amended as follows:

(a) In section 506, which relates to conditions of eligibility, add the following new subsection:

"(c) Any country which hereafter uses defense articles or defense services furnished such country under this Act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance Act where such use is in violation of the provisions of this chapter or any agreements entered into pursuant to any of such Acts shall be immediately ineligible for further assistance."

(b) In section 507(a), which relates to sales, insert "not less than" before "the value" in the first sentence.

(c) In section 507(b), add a new sentence to read as follows: "No sales of unclassified defense articles shall be made to the government of any economically developed nation under the provisions of this subsection unless such articles are not generally available for purchase by such nations from commercial sources in the United States: *Provided, however,* That the Secretary of Defense may waive the provisions of this sentence when he determines that the waiver of such provisions is in the national interest."

(d) In section 510(a), which relates to special authority, strike out "1962" in the first and second sentences and substitute "1963".

PART III

Chapter 1—General provisions

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) In section 611(a), which relates to completion of plans and cost estimates, strike out "and II" and substitute ", II, and VI".

(b) Strike out section 618, which relates to economic assistance to Latin America, and substitute a new section 618 as follows:

"SEC. 618. USE OF SETTLEMENT RECEIPTS.—United States dollars directly paid to the United States under the Agreement Between the United States of America and Japan Regarding the Settlement of Postwar Economic Assistance to Japan may be appropriated or otherwise made available to the President in any appropriation Act, within the limitations of part I of this Act, to carry out the provisions of that part."

(c) In section 620(c), which relates to prohibitions against furnishing assistance to governments indebted to American citizens, insert "or ordered" after "furnished", insert "either" after "remedies and", and immediately before the period at the end thereof insert "or indebtedness arises under an unconditional guaranty of payment given by such government or any predecessor government".

(d) In section 620, which relates to restrictions on assistance to certain countries, add the following new subsection:

"(e) The President shall suspend assistance to the government of any country to which assistance is provided under this Act when the government of such country or any governmental agency within such country—

"(1) nationalizes or expropriates or seizes the ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

"(2) imposes or enforces discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country fails within a reasonable time (not more than six months) to take appropriate steps to discharge its obligations toward such citizen or entity, including equitable and speedy compensation for such property in convertible foreign exchange, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be, unless the President determines such suspension to be inconsistent with the national interest, and such suspension shall continue until he is satisfied that appropriate steps are being taken."

The CHAIRMAN. For what purpose does the gentleman from Indiana [Mr. ADAIR], a member of the committee, rise?

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: On page 12, strike out lines 3 and 4 and insert in lieu thereof the following: "governmental agency within such country on or after January 1, 1962—

"'(1) has nationalized or expropriated or seized'".

On page 12, line 9, strike out "imposes or enforces" and insert in lieu thereof "has imposed or enforced".

On page 12, line 15, strike out "six months" and insert in lieu thereof "six months after such action or after the date of enactment of this subsection, whichever is later".

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, this is one of two amendments which I propose to offer to that section of the bill relating to expropriation of American businesses by foreign governments. The effect of this amendment would be to make the expropriation provision now in the bill retroactive to January 1.

Mr. Chairman, I think all members of the Committee are aware generally of the background for this situation. It stems from the seizure of American business properties by foreign governments without adequate compensation.

The Foreign Affairs Committee wrote a provision in the bill relating to expropriation. In my opinion, this amendment and the other which I propose to offer will strengthen the hands of the executive and will be a clear warning to all foreign governments that they cannot seize American-owned property with impunity. One cannot successfully argue that a sovereign state does not have the right to take property, but I can and vigorously do argue that they do not have the right to take it without giving speedy and adequate compensation for it.

It may be of interest to Members of this body to know that the other body has written a similar provision into the foreign aid bill which it passed.

There are a number of illustrations that could be given as to situations in which American industry has been seized or may be seized. Since January 1 of this year, the date to which my amendment would make this act apply, there has been, of course, the seizure of an I.T. & T. affiliate by a state of Brazil. Prior to this date there have been other seizures in Brazil, but, of course, my amendment would not apply to those.

My amendment if adopted, would apply also to the situation in which American-owned interests were seized by the Government of Ceylon. Another possibility is action by the Government of Mexico, according to recent news reports, with respect to mining interests there. There is a very great possibility that seizure or taxation not applicable to other businesses may be applied. The Government of Burma also has been talking about the possibility of seizing some American-owned business interests, according to news reports.

I think, therefore, Mr. Chairman, that if we are to protect American businesses abroad we ought to go back to this date January 1 of this year, making the act retroactive to that time so that the owners of property which has been seized may be protected.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. As I understand the gentleman's amendment, all it does is to say to foreign countries which have expropriated American property: "You must compensate the American owners or you do not share in our gifts and good graces."

Mr. ADAIR. My amendment together with the language of the bill.

Mr. ABERNETHY. No. 2, it goes back to the 1st of January which, therefore, should bring into consideration the horrible expropriation of the I.T. & T. property to which the gentleman just referred.

Mr. ADAIR. The gentleman is absolutely correct.

Mr. ABERNETHY. I think the gentleman's amendment is good. I think it ought to be adopted.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Indiana.

Mr. HALLECK. I just wanted to observe that some time ago, at the time of the expropriation in Brazil, I stated my conviction that certainly the least we could expect in circumstances like that would be just compensation. I am afraid that action will not be forthcoming so, as far as I am concerned, I shall support the gentleman's amendment.

Mr. ADAIR. I thank the gentleman.

Another thing that may be said in this respect is that if this amendment is added to the provisions now in the bill it is my opinion that it will strengthen our whole investment program abroad. Witness after witness told the Foreign Affairs Committee, as can be observed by reading the hearings, that if the Alliance for Progress, for example, is to be successful it must have a great contribution from private capital. Let me say to the Members of the House that if private capital is going to be invested abroad then it is going to be necessary that some assurance be given that property will not be seized without adequate and speedy compensation.

I regard this as a very important part of this bill, and I urge that my amendment be adopted.

Mr. HAYS. Mr. Chairman, I rise in support of the pending amendment.

Mr. Chairman, it seems to me that this amendment is one small step that we ought to have taken a long time ago. There are a lot of nations in the world that think, and think rightly, that they have been able to reverse the old established fact of economic life; namely, you cannot get something for nothing. They not only get it from the foreign aid program, but they get it by expropriation of American property.

It is about time that we tell them they cannot have their cake and eat it too. We must tell them that they cannot take American property on the one hand and share in the foreign aid program on the other.

I have come to the conclusion, after sitting on this committee for many years, that the democracies of this world may not survive. If they do not survive, it will be because they are not tough enough to survive.

I made a speech down here 5 years ago—nobody remembers it—in which I said if the Algerian nationalists are successful, and they were only successful because after they were defeated they were negotiated with, the Communist Ben Bella would take over the country and it would be against the West. Am I a prophet or not?

Will the Algerian people be better off under Ben Bella than they were under France? Of course, they will not. They will be the slaves and the pawns of another Communist government.

You talk about the Latin-American countries. I do not think there is a person in this House who can dispute the fact that there is more capital going out of Latin America than the Alliance for Progress is putting in. Where is it going? It is going out from the people of Latin America, the wealthy class who are taking it off to Swiss banks where, when the hurricane comes, they think it will be safe. The Alliance for Progress has to succeed, but I do not think it can succeed unless there are stiff conditions laid down, and unless the countries are told: If you want to be saved you have to show a desire to save yourselves. They have to be told they cannot expropriate American property on the one hand and have the taxpayers of the United States come in and bail them out on the other hand.

If the people running this program have not the courage, and I am not sure but that under the new director they have—several of these programs have been suspended—if they have not got the courage, we should give them the moral backing and the tools to do the job and do it the way they ought to do it.

The amendment offered by the gentleman is one small step in the right direction, and I hope the amendment will be adopted.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the pending amendment.

The feelings as expressed by the gentleman from Indiana [Mr. ADAIR] are feelings shared by all members of the committee. He expresses the feeling that many of us share that foreign countries should not take advantage of our beneficence and at the same time insult us by expropriating our property without proper indemnification.

However, if we do not allow the President some flexibility, when aid would be cut off there would be no further basis for negotiations in reference to the property that has been expropriated. I do hope the committee will consider that flexible authority should be left within the President's discretion. The threat of cutting off aid would be a stronger weapon to achieve the desired result than an automatic termination which leaves no future basis of negotiation in good faith.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. This amendment relates only to the retroactive feature?

Mr. GALLAGHER. Yes. This amendment considers the retroactive feature; and, as such, the committee will accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ADAIR].

The amendment was agreed to.

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendments offered by Mr. ADAIR: On page 12, beginning in line 20, strike out "unless the President determines such suspension to be inconsistent with the national interest,".

On page 12, line 23, immediately before the period insert the following: "and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection."

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, if this amendment is adopted, it would make that part of the bill read as follows, and I will begin reading on line 14: "and such country fails within a reasonable time (not more than six months) to take appropriate steps to discharge its obligations toward such citizen or entity, including equitable and speedy compensation for such property in convertible foreign exchange, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be, and such suspension shall continue until he is satisfied that appropriate steps are being taken, and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection."

This amendment would remove from the bill the power which it now gives the President to waive the restriction

against giving aid to countries which have expropriated without adequate compensation.

As the bill now reads, it provides in effect that this aid shall be withheld unless the President determines that such suspension shall be inconsistent with the national interest. My amendment would remove that right or power given to the President and would say in effect that so long as this expropriation is in existence without adequate and speedy compensation that there is no authority to continue foreign aid to the expropriating country.

Mr. Chairman, I think it is very necessary to say to such countries that we are not going to tolerate seizure of American businesses without proper compensation.

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. As I understand the amendment, it relates, in a way, to the form of the provision, does it not?

Mr. ADAIR. Yes.

Mr. ABERNETHY. This is an implementation amendment. That is what it amounts to, is it not?

Mr. ADAIR. The gentleman is correct. It puts additional teeth in the bill.

Mr. ABERNETHY. In other words, you say by this amendment that if you expropriated our property, American property, at any time since January 1, your aid is to be cut off until you make compensation for the property of these American citizens?

Mr. ADAIR. The gentleman from Mississippi is correct. It makes it mandatory that there be no aid until the situation has been remedied.

And, I would say further to the gentleman and members of the committee that reference was made a few minutes ago to the fact that restricting amendments might stop negotiations between foreign governments and the American companies involved. The fact of the matter is that negotiations with respect to most of these situations have now virtually stopped. When the President of Brazil was in this country some time ago a statement was issued indicating that the negotiations would go forward and a settlement would be made. As a matter of fact, negotiations are not going forward. The proposals which have been made have come almost entirely from the company. Those which have come from Brazil or the State of Rio Grande do Sul are quite unacceptable.

Mr. COHELAN. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from California.

Mr. COHELAN. I wonder if the gentleman could explain to me just what he means by "adequate and fair compensation" and how is this determined?

I can see this as an honest difference of opinion as between sovereign governments and how this could be determined.

Mr. ADAIR. As to the question of what is equitable and speedy compensation, the committee gave considerable thought and study to that, and was assured that those were words of particular meaning to international lawyers. They have been interpreted to and do mean exactly what they say, that the compensation must bear a fair relation to the true value of the property, and it must be in some kind of money that can be used, and not, for example, in local currency which could not be converted. Thus, a country would not be able to say, under this provision, "Here is 25 percent of the value of your property; now take that, and let that be enough for you."

Mr. ABERNETHY. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. Could the gentleman give the House any idea of the value of the I.T. & T. property which was expropriated by the Brazilian state?

Mr. ADAIR. I think the value is generally stated as being between $8 and $10 million.

Mr. ABERNETHY. In other words, $8 million or $10 million worth of American property taken away from American citizens?

Mr. ADAIR. Yes.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. ADAIR. Mr. Chairman, I ask unanimous consent that I may proceed for an additional 3 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. RIVERS of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from South Carolina.

Mr. RIVERS of South Carolina. Could it be said that the first amendment offered by the gentleman from Indiana is no good without this amendment which the gentleman has offered now?

Mr. ADAIR. Well, certainly, this I think is the more powerful of the two amendments. They compliment each other, and each will become a great deal better and more valuable, if both are adopted.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. Mr. Chairman, first I would like to commend the gentleman from Indiana, and state that I am in wholehearted agreement with the gentleman's first amendment. As the gentleman knows, the committee was deeply interested in this problem. The committee wrote a very strong section on expropriated property. However, in the case where a government or governments in certain areas change and some change rather rapidly and where a predecessor government has expropriated American property, how would the gentleman's amendment affect further dealings with the new government?

Mr. ADAIR. The new government, of course, would step into the shoes of the old government and would be expected to carry on bona fide negotiations along the lines mentioned in the bill.

Mr. ZABLOCKI. If the gentleman will yield further, depriving the President of this discretionary authority would make it impossible for him to deal with the new government even though it was most friendly to the United States, if there was any property expropriated by a predecessor government? Is that not true?

Mr. ADAIR. No, I would not agree with the gentleman. The President does not lose his power to negotiate. He does lose his power to continue to give aid. But there is nothing in here which says he could not negotiate.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Ohio.

Mr. HAYS. All the successor government would have to do is either compensate or give the property back. It would be just as simple as that, would it not?

Mr. ADAIR. The gentleman is correct.

Mr. PILCHER. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Georgia.

Mr. PILCHER. In other words, the gentleman's first amendment is not any good without the second amendment?

Mr. ADAIR. It would be strengthened by the second amendment.

Mr. PILCHER. If the gentleman will yield further, some of us think we should not take this authority away from the President. But I think it would strengthen the hand of the President. The President does not run all of these programs. The State Department is running our foreign affairs. It is running all of this foreign aid program. It is not run by the President of the United States. I think the Secretary of State is one of the finest men we have had down there in years. Your State Department is running this foreign aid program all around the world. This just tells those countries that they have to cooperate with us if we cooperate with them. I think it will strengthen the hand of the President.

Mr. Chairman, I hope the gentleman's amendment is adopted.

Mr. ADAIR. I agree with the gentleman from Georgia. I think it would strengthen the hand of the President.

Mr. BRAY. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Indiana.

Mr. BRAY. I feel that this is an approach which we should have taken a long time ago. I wish to compliment the gentleman for his amendment.

Mr. BEERMANN. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Nebraska.

Mr. BEERMANN. I want to congratulate the gentleman because this answers a question which I asked in the debate on Monday. I feel that if we put this in all our bills, especially even in the farm bill, this would be a good example, and I commend the gentleman for his action. I think the House is taking a step in the right direction.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I may say that it is not true that the amendment just adopted would be ineffective without the second

amendment. It would embrace the I.T. & T. seizure that has already taken place in Brazil, and yet the President would still have the flexible authority to negotiate in order to get that property back to the company or an indemnity paid for it.

The problem with respect to the pending amendment is that the section that appears on page 12 was the result of a unanimous effort on the part of the Committee on Foreign Affairs. The committee worked long and hard to arrive at the language that appears in the committee bill. One of the disadvantages of this amendment would be that it would take away any negotiating power the President possesses. In many countries the amount of the aid program is very small in scope while the property that may be expropriated may be of considerable value. It may well be that when negotiations have closed, the host country would consider that the company has been compensated by the aid cutoff. Additionally, the foreign aid bill is not the appropriate place for legislation dealing with expropriation. For these reasons we hope that the language in the committee bill will be adopted as it was reported out of the committee. That is the language on page 12, adopted by a unanimous vote by the members of the House Committee on Foreign Affairs.

We have accepted the retroactive provision which will help I.T. & T. On the other hand, if we accept this amendment the President's hands will be completely tied. At the time expropriation is made the matter stops with an automatic cutoff. Any automatic cutoff would make this program inoperable. For that reason I urge the defeat of the amendment.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman.

Mr. ADAIR. On the point that the wording in the bill had been agreed to by all members of the committee, that is true. This was the best wording that could be agreed to by all members of the committee. But I think the gentleman will recall that I reserved the right to offer what I regarded as strengthening amendments.

Mr. GALLAGHER. The gentleman is correct. As a result of the work of the gentleman and of the gentleman from Delaware, language was accepted by the entire committee. The gentleman is correct when he says that he reserved the right to offer this amendment after the committee had unanimously adopted the language in the bill.

Mr. McDOWELL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman from Indiana has stated that there are certain purposes in his amendment. I disagree with the purposes which he has stated. This amendment has one main purpose and that is to take out of the hands of the President of the United States his constitutional rights in his direction of foreign policy. It would take that power out of the hands of the Executive and place it where? Of all places, in the hands of the Agency which administers this act, because this Agency and not the President would have to make this determination of whether or not a property in a foreign country meets the criteria in the language of the act, meets the criteria of 6 months in providing adequate compensation in the case of expropriation.

Not only is the Agency for International Development not adequately equipped to make such decisions but you would even have a question that could be taken to the courts involving a constitutional matter, and I think it would not aid the resolving of the matter of expropriation of American property in foreign countries.

There is no disagreement in our objective here, but I think we had better be cautious as to who we seek to achieve that objective under the gentleman's last amendment. I believe the gentleman from Indiana will agree with me that the Committee on Foreign Affairs in the last stages of this bill had this one problem, and he and I introduced contrary amendments with a view to trying to solve it.

We did meet and there were compromises on both sides. I think the language which we finally wrote into the bill by agreement between the gentleman from Indiana and myself, which was later unanimously concurred in by the whole committee, was adequate to meet most of the cases which not only have arisen in the past, and that we have now met by retroactive action to be sure that we took care of the case of the expropriation of the I.T. & T. property, but now we go further and try to so complicate this matter of adequacy of compensation for expropriation that we would seek to involve this matter not only in the courts in the countries involved directly but perhaps the Supreme Courts of both countries and perhaps the International Court.

I honestly believe this would do much to prevent any American company that is unfortunate enough to have its property taken from having the legal right to seek redress in the courts of the parent country and the courts of the United States and in the World Court. So I sincerely hope that the House will think very carefully before it, first, takes this power away from the President of the United States, which Congress has never done heretofore, and, second, consider the seriousness of the establishment of such a precedent before it does so.

Mr. FRELINGHUYSEN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this matter was discussed at some length in the committee. I think it would be very unwise if we should eliminate any power on the part of the President to determine whether or not it would be inconsistent with the national interest to continue assistance under certain circumstances.

We had a discussion, amongst others, with our distinguished former colleague, Frank Coffin, with respect to the basic policy involved. He thinks this would be a case of the tail wagging the dog if we should make it necessary to suspend assistance after there had been an expropriation without due compensation. The problem is one of the aspects of foreign policy.

This approach to procedure may be made not only by the country concerned but by any governmental agency thereof, and an expropriation might well be made by a subdivision of some country of great importance to us for strategic or economic or military reasons. In view of other foreign policy considerations, if the President could not waive the limitation provided by this section, I think we might well harm our national interest.

In my opinion, the expression of concern on the part of Congress with respect to expropriation is adequately protected in this provision. I was favorable myself to making it retroactive to the 1st of January, and I think that is something the President can live with. This is a case where the executive branch of the Government not only is entitled to but should receive some discretion. This is far more important than that we should give him that same discretion with respect to aiding Communist-controlled or Communist-dominated countries. I think we should vote down this amendment and accept the fact that this basic provision is going to be of great value to our country, past or present, with respect to these cases of expropriation.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman from Minnesota.

Mr. JUDD. I agree with the statement of the distinguished gentleman from New Jersey. We must keep our eye on the ball. It may be thought by some that we are carrying on foreign aid just to help other people. Rather, this program is primarily to help the United States, and I do not think it is wise for us to take action which may make us feel better by getting rid of some of our adrenalin in proper indignation over the behavior of some people or some local authorities in another country, if in doing so we injure the United States of America. I believe we must keep some flexibility in the hands of the President. We only have one President at a time, and our Constitution puts direction of our foreign relations in his hands. It seems to me, we would run the danger of injuring our own interests, if we take such drastic action as to allow no escape clause or discretion for the President of the United States to use in the exercise of the responsibility with which he is charged by the Constitution in the field of foreign relations.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman.

Mr. MOORHEAD of Pennsylvania. As I understand the statement of the gentleman from New Jersey, if a subdivision of a friendly country became Communist controlled, it could, if this amendment is adopted, expropriate and terminate automatically our assistance to that friendly country. In other words, if this amendment is adopted, we are giving a weapon to the Communists; is that not correct?

Mr. FRELINGHUYSEN. The situation is complicated enough without as-

suming that there is a Communist element involved here. The power to expropriate is an appropriate even though a not popular power of government, whether it is Communist controlled government or not that we are talking about. We can do nothing about it. The question is: Under what conditions can we demand just compensation and under what conditions should we refuse to provide additional assistance to that country? I do not think it is a question of Communist control.

Mr. MOORHEAD of Pennsylvania. But it is possible; is it not?

Mr. FRELINGHUYSEN. It is possible, but I do not think particularly we need to hypothesize that.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. The gentleman from Pennsylvania is correct in his statement, which is specifically the case in Brazil today where expropriation has been made by a province or a state. This amendment would terminate all assistance to the Federal Government of Brazil as a result of such action.

Mr. O'HARA of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I appreciate the emotion that is being shown among the members of this committee. I know how sincere the gentleman from Indiana is and I know how deep is the resentment among all the members of the committee over the unlawful confiscation of American properties. In reference to the seizure of American property in other lands, the Committee on Foreign Affairs worked for a long time adequately to express our indignation and to provide the proper method of recourse in the proper language. The gentleman from Indiana [Mr. ADAIR] worked with the gentleman from New Jersey [Mr. GALLAGHER] and the gentleman from Delaware [Mr. McDOWELL], for several days trying to find the proper language. Now you want to change it, and even though your intentions are good and your objectives meritorious you are suggesting a change in language that does that which I think you do not wish to do. It is not easy to write in the proper language in the Committee of the Whole. Under the language proposed in the amendment, for the first time that I have any knowledge of, you take away the power of the President of the United States in the field of foreign relations. Think about it. Under the amendment of the gentleman from Indiana, if it is adopted, if tomorrow in Cuba there should be a new and friendly government, and if the new government wished to be given time to restore properties that had been taken away from Americans, the President would be powerless to extend that new government the needed additional time. If you adopt this amendment, you are doing the very thing that you wish not to do. You are giving a power to the Communists that they do not possess. You are giving that power to the Communists by tying the hands of the President of the United States to use his judgment when something should be done in the national interest, must be done immediately, or the moment of advantageous opportunity has been lost forever.

I have been brought up to believe that one always can have confidence in the President of the United States. I have always thought that when a man has achieved the Presidency of the United States he is giving the very best in him according to knowledge, and according to his ability, because all that is ahead of him is his place in history. I shall continue in that faith. During the administrations of President Truman, President Eisenhower, and President Kennedy, I always voted to give the President the full power to exercise his judgment in foreign affairs and to do or refrain from doing that which in his judgment was or was not in the national interest.

I acknowledge that we want to protect American property in other lands from unlawful and ruthless seizure. That is the common purpose of the President and of the Congress. Let us not be carried by emotion into the adoption of an amendment which well could defeat the very end we seek by taking from the President the power over foreign affairs given him by the Constitution and thus destroying that measure of flexibility invisioned by the makers of our Constitution as necessary for the effecting of worthy and desired ends.

I trust, Mr. Chairman, that this amendment will be defeated almost unanimously.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it has been brought out in the debate that during the committee consideration of the bill the amendment now before the House held up the markup for several days. The gentleman from Indiana and the gentleman from Delaware [Mr. McDOWELL] were appointed to work out proper language. The language brought back to the committee was voted by the full committee during the markup, but the gentleman from Delaware and the gentleman from Indiana each reserved the right to offer amendments to the bill on the floor.

The amendment would strike out the language "unless the President determines such suspension to be inconsistent with the national interest." It strikes out the additional power granted the President to make this act of determination.

It was pointed out a moment ago that a tiny state of some large nation could go Communist and bring this prohibition into effect. It could do more than that.

I want to say that some tribal chief or some subruler of some tiny state in a large nation who wanted to overthrow a government friendly to the United States, would be able to force us to cut off aid to a friendly country without this discretionary authority in the President.

I think the President deserves these powers and must have them in the conduct of our foreign policy, especially in the dangerous world in which we are living today. I think there will be no abuse of this authority by the President. He is going to be in there protecting the property of American firms, he is going to be in there to get a fair return on the property of any American company seized by a foreign nation.

The President needs this power. It is absolutely essential that this amendment be defeated.

Mr. WESTLAND. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Washington.

Mr. WESTLAND. I would remind the gentleman from Pennsylvania that the clause "and such suspension shall continue until he is satisfied that proper steps are being taken" is still left in the bill. Does not this give the President adequate authority? I do not know what "appropriate steps" means. The President might very well think that if Mr. Goulart, the President of Brazil, should write him a letter saying that they are starting to move in the direction of returning this property, would think that constituted "appropriate steps" and the President then would not have to suspend all aid to Brazil. The President still has some authority.

This amendment does not take away all of the authority of the President by a long shot.

Mr. MORGAN. The gentleman had better ask the gentleman from Indiana about the provisions of his amendment. I feel it does take away authority.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Indiana.

Mr. ADAIR. I would point out first, in answer to those who have expressed concern over this being too restrictive, that this provision still remains in the law:

> Such country fails within a reasonable time, not more than 6 months, to take appropriate steps to discharge its obligations.

And so forth. If that is not flexible, Mr. Chairman, I do not know what is. If a country cannot begin to do something in 6 months, then it will not do it in 6 years.

Mr. JUDD. Suppose a situation rose where the State of Pennsylvania or the State of Minnesota should take property that is owned by a foreign concern, would we want that country to be able to call in all the American gold to which it has a claim? Sometimes it takes 2 or 3 years of litigation to wind up these seizures or expropriations, or in the case of land taken by eminent domain, or other procedures. It seems to me we are restricting without justification the authority of the President to handle our foreign relations in a way that will be best for our country.

The language now in the bill makes it perfectly clear. We do not want to injure our own national interests.

Mr. MORGAN. Mr. Chairman, I renew my statement that this would tie the President's hands.

Mr. CONTE. Mr. Chairman, I move to strike out the requisite number of words.

(Mr. CONTE asked and was given permission to revise and extend his remarks.)

Mr. CONTE. Mr. Chairman, I rise in support of the pending amendment. Let me make it crystal clear, however, that I am in favor of this authorization bill and that I intend to vote for it. Let me make it clear that my support for this amendement is in no way based on a desire to hamstring the President in his capacity as the representative of the United States in foreign affairs.

By this amendement, we are merely asking for the establishment of a condition precedent to any nation's acceptance of our assistance. We are concisely saying to the recipient nations that if they choose to confiscate American-owned property without just compensation, they will see an end to our aid at the end of 6 months.

Mr. Chairman, the purpose of the pending amendment to the Foreign Assistance Act of 1961 is primarily to provide economic assistance to the developing countries of this hemisphere and to the newly emerging nations of Africa and Asia.

Our experience in Europe has clearly demonstrated the importance of private investment in accelerating the aims of our foreign aid programs.

Mr. Chairman, there should be no debate among us as to the importance of private American enterprise and of similar firms in other lands in achieving the broad objectives of the development assistance programs. President Kennedy, in his message to the Congress on March 14, 1961, with respect to the Alliance for Progress, stated, and I quote:

Private enterprise's most important role will be to assist in the development of healthy and responsible private enterprise within the Latin American nations * * * and, of course, the continued inflow of private capital will continue to serve as an important stimulus.[1]

This view was expanded upon by the President when he stated, and again I quote:

It is impossible for us, of course, to supply the funds which are necessary for the development of Latin America. They must come through private sources. If local capital and American capital dry up, then all our hopes of a decade of development in Latin America will be gone.[2]

Mr. Chairman, the State Department is also on record as endorsing the President's statement. The Under Secretary of State, Mr. Ball, in an address to the Business Council at Hot Springs, Va., said, and I quote:

Expropriation frequently involves the diversion of resources needed for the development of nations we are assisting. In many cases it means the transfer of property from competent private hands to governments that lack the managerial skill to provide efficient administration. By tending to spoil the climate for private investment it may deprive a developing nation of the inflow of needed capital that might otherwise be available. As a matter of Government policy we feel obligated to make known to the less-developed nations our views on the disadvantages inherent in expropriation. * * *

Let me be quite precise at this point. We do not wish to discourage developing countries from adopting such measures as requirements for labor standards, systems of social security, progressive taxation, and the regulation of utilities. These are all familiar features of the American economic scene and we cannot disown them when they appear in an unfamiliar environment. In fact, within limits appropriate to their economic strength, we are anxious to see the developing nations adopt sound and progressive tax and labor laws and other measures designed to assure an increased sense of social justice and a broader base of participation in the fruits of economic progress.

But when such measures are, in fact or in form, applied so as to discriminate against, and harass, foreign business enterprise, they can amount to what has been often called creeping expropriation. When this occurs, the U.S. Government is prepared to make its views known to the governments invoived in no uncertain terms. * * *

If, in the face of American advice a government proceeds with expropriation, I can assure you that the full diplomatic resources of the U.S. Government will be made available to see that fair treatment is accorded to the American business involved.[3]

Mr. Chairman, the excerpts I have just cited from Secretary Ball's address indicate that the State Department is well aware that our foreign assistance efforts will be dissipated unless expropriation, including "creeping expropriation" is thwarted. There is no justification to authorize the expenditure of public funds to assist countries who continue a course of action detrimental to themselves and to our own economy.

In spite of the reassuring statement of policy, the Secretary believes that the Congress should not enact legislation that would make it clear to foreign governments that expropriation, without prompt and adequate compensation, must result in the suspension of U.S. assistance. In this same address the Secretary said, and again I quote:

After all, what we find most attractive about the economic system that has evolved in America is that it preserves a substantial element of free choice for the individual in the conduct of his economic life. It is thus consistent with the political principles on which we have organized our Government.

Our very emphasis on the right to choose, it seems to me, precludes us from seeking to coerce any country into adopting an economic system of our choosing against its own free will.

For this reason, the State Department has consistently opposed legislative proposals for automatic retaliation, by denial of aid, for example, against economic policies abroad that are inconsistent with our own notions of free enterprise. Such policies smack too much of gunboat diplomacy to be useful in today's more complicated world.[4]

Mr. Chairman, when investments are guaranteed in one form or another by U.S. taxpayers, expropriation results in a direct loss to our Government and hence reduces our ability to furnish assistance to nations who respect the rights of private property.

The Congress in Public Law 400, 82d Congress, stressed the role of private investment in achieving the aims of our mutual security and foreign assistance programs.

Mr. Chairman, I ask leave to insert excerpts from section 514 of that act at this point in my remarks:

(b) To accomplish the purpose of clause (1) of subsection (a) of this section, under the coordination of the Director for Mutual Security, the Mutual Security Agency, cooperating with private business groups and governmental agencies to the fullest extent possible, shall encourage a greater participation by private capital in the guarantee program and shall develop broad criteria to facilitate such participation, including progress consistent with the purposes of the Act for International Development.

(c) The Department of Commerce shall in cooperation with such groups and agencies (including the International Bank for Reconstruction and Development), conduct a thorough study of the legal and other impediments, foreign and local, to private investment abroad and the methods and means whereby those impediments can be removed or decreased and shall make recommendations thereon to the Director for Mutual Security.

(d) The Department of State, in cooperation with other agencies of the Government concerned with private investment abroad, and taking into account the study and recommendations described in subsection (c) of this section, shall accelerate a program of negotiating treaties of commerce and trade, or other temporary arrangements where more suitable or expeditious, which shall include provisions to encourage and facilitate the flow of private investment to countries participating in programs under this act.

(e) The Technical Cooperation Administration, taking into account the study and recommendations described in subsection (c) of this section, shall encourage and facilitate a greater participation by private industrial groups or agencies in private contracts awarded by the Administration, and shall, in cooperation with the Department of Commerce and the Mutual Security Agency, find and draw the attention of private enterprise to opportunities for investment and development in underdeveloped areas.[5]

Mr. Chairman, although during the years following World War II the United States—under both Democrat and Republican administrations—has been most generous in furnishing financial aid, many nations have sought to obtain a larger measure of control over the determination of projects and allocation of funds by insuring their administration by a multilateral organization. These proposals stem from the fact that some of the nations recently attaining independence incorrectly associate our public and private activities with a colonial imperialist approach.

Many debates in the Economic and Social Council of the United Nations have been concerned with the creation of a multilateral development fund. One suggestion popularly described as SUNFED—Special United Nations Fund for Economic Development—has been a recurring item on its agenda.

At Geneva during the summer of 1957, Dr. Neil Jacoby, the then U.S. Representative to the Economic and Social Council of the U.N., declared that bi-

---

[1] CONGRESSIONAL RECORD, 87th Cong., May 25, 1962, p. 8598.

[2] Ibid.

[3] Department of State press release, American Business Abroad, Hon. George W. Ball, May 12, 1962, pp. 5 and 6.

[4] Ibid., p. 7.

[5] Public Law 400, June 20, 1952, United States Statutes at Large, containing the laws and concurrent resolutions exacted during the 20th sess. of the 82d Cong. of the United States of America 1952 and "Reorganization Plans and Proclamations," volume 66, U.S. Government Printing Office, 1953, p. 146.

lateral programs in a conducive climate would accomplish far more.

Mr. Chairman, I ask leave to insert the following pertinent excerpt from Dr. Jacoby's statement at this point in my remarks:

We now have before us the final and supplementary reports of the ad hoc committee on SUNFED. A majority of nations whose replies were analyzed in the reports of the ad hoc committee support the establishment of SUNFED in principle. We have noted, however, extremely few promises of financial support. Of those that have been made, many are conditional upon the participation of the major industrial countries. Even if these promises of support were fulfilled, what would they amount to in the aggregate? The prospect is that the assets of the fund would consist of a few million dollars in the form of a heterogeneous assortment of currencies, and, possibly, some contributions in goods and services. Is it reasonable that a new international financing agency, charged with gigantic tasks, should be established with such pitifully meager resources? Can we pass lightly over all that is being done by private investors, by international lending agencies, and by the United States and other countries through bilateral programs to direct billions of dollars into economic development? In view of the vast scale of present international development financing, how can it be maintained that the establishment of a Liliputian SUNFED is the nostrum which will obliterate poverty among millions of people in large parts of the world? So to believe is surely to turn from reality to magic.

It has been said that, if the United Nations should fail to proceed immediately to the establishment of SUNFED, its authority with the peoples of the world would suffer and its moral credit would be threatened with exhaustion. In our considered judgment, Mr. President, it is the adoption of the resolution now before us that would have this effect. To set up a SUNFED at this time with so little prospect of appreciable financial support, with so many issues unresolved relating to the purposes it should serve and the manner in which it should operate, would be to doom it to failure from the outset. The distinguished representative of the Netherlands has ventured the opinion that if such an institution were established at this time, other countries including my own, without whose contributions SUNFED would lack resources to undertake a significant volume of operations, would soon become participants. Speaking for my own country, Mr. President, I see nothing to warrant this opinion. Indeed, if I correctly assess the temper of the American people and of our Congress, action to create SUNFED now without U.S. participation would more probably deter than attract subsequent participation.[6]

Mr. Chairman, prior to 1952, no responsible member of the United Nations openly supported the proposition that a nation's sovereign rights over natural resources included the privilege to nationalize private property without realistic and adequate compensation. However, a resolution was adopted by the United Nations General Assembly in 1952 which directed the Human Rights Commission to draft appropriate language with respect to the sovereignty of nations and to their inherent control over their natural resources, including the right to expropriate private property.

[6] CONGRESSIONAL RECORD, Jan. 9, 1958, vol. 104, No. 3, pp. A93 and A94.

Mr. Chairman, in order that all my colleagues may be aware of the situation with respect to this proposal, I ask leave to include excerpts from the official record of the 18th session of the Human Rights Commission meeting in New York during the early months of 1954 at this point in my remarks:

PART II.—INCLUSION OF AN ARTICLE ON THE RIGHT OF PROPERTY IN THE DRAFT COVENANT ON ECONOMIC, SOCIAL, AND CULTURAL RIGHTS

40. The Commission discussed the question of the inclusion of an article on the right of property in the draft covenant on economic, social, and cultural rights from the 413th to the 418th meetings (E/CN.4/SR.413–418). At its seventh session (1951) the Commission has decided not to include "at this time" an article on the right to property. At the eighth session (1952) the debate on a draft article proposed by France was adjourned and the Commission did not take up the question during the ninth session (1953). At the 10th session the representative of France withdrew his proposal (E/2447, annex II, section A) and discussion centered on proposals to incorporate into the draft covenant a text based on the corresponding article of the Universal Declaration of Human Rights. No member of the Commission expressed opposition in principle to the inclusion of an article on the right of property. However, the Commission failed to adopt a unified text. Realizing the difficulty of drafting an article that would command the support of the majority, the Commission adjourned consideration of the question sine die (see par. 71 below).

The proposal of the United States of America

41. The representative of the United States of America proposed a draft article (E/CN.4/L.313) with the same wording as article 17 of the Universal Declaration of Human Rights. As later revised (E/CN.4/L.313/Rev. 1) to include the phraseology used to introduce various articles in the draft covenant on economic, social, and cultural rights, the article read as follows:

"The state parties to this covenant recognize that:

"1. Everyone has the right to own property alone as well as in association with others.

"2. No one shall be arbitrarily deprived of his property."

42. In support of this proposal, it was pointed out that there were precedents for incorporating in the covenant the text of articles taken from the declaration (specifically article 11 recognizing the right of everyone to adequate food, clothing, and housing) and it was argued that, being broadly drafted and compatible with all the legal systems, the text had the best chance of commanding a majority of votes in the Commission. Any attempt to be more elaborate and precise would likely accentuate the differences of views regarding property rights embodied in the social and political systems of various states, thus making any agreement on the subject extremely difficult, if not impossible.

Amendments to the proposal of the United States of America

43. The proposal did not satisfy a number of members, who felt that the more ample and definitive text on the lines of that proposed by the representative of France was required.

44. The representatives of Egypt, India, and Lebanon introduced a series of amendments (E/CN.4/L.316) to the U.S. proposal which incorporated certain features of the draft article of France. The amendments (in italic) would have altered the U.S. text to read as follows:

"1. The states parties to this covenant *undertake to respect the right of everyone* to own property alone as well as in association with others.

"2. This right shall be subject to the laws of the country in which the property is owned.

"3. No one shall be arbitrarily deprived of his property.

"4. Expropriation may not take place except for considerations of public necessity or utility as defined by law and subject to such compensation as may be prescribed."

45. Members who supported these amendments insisted that, while they agreed with the declaration article, it was also necessary to emphasize the duty of States to fulfill thcir obligations in respect of this right, to take into account the domestic jurisdiction of States in the matter of property rights, and to recognize that factors of public necessity or utility should govern expropriation with provision for the payment of compensation.

46. Some members felt that while the amendments of Egypt, India, and Lebanon correctly admitted the claims of domestic jurisdiction, they did not sufficiently recognize the criteria of reasonableness and justice, of general international acceptance, which should limit such claims. The representative of the United States of America proposed that the second paragraph of that amendment be changed to read (E/CN.4/L.318):

"The right shall be subject to such reasonable restrictions and regulations as may be imposed by law of general application in the public interest."

47. The discussion on expropriation showed a marked difference of views among the members. Some felt that the implied references to it in paragraph 2 of the amendments of Egypt, India, and Lebanon, and in paragraph 2 of the U.S. proposal were sufficient. There was also a difference of opinion on the amount of compensation to be paid in case of expropriation. While some agreed with the joint sponsors that the compensation prescribed might under exceptional circumstances be nominal, others held that compensation should in all cases be fair, just, or equitable.

48. Some members thought that the word "arbitrarily" in the U.S. proposal was too vague and carried no precise connotation, especially in international law. The representative of the Philippines proposed (E/CN.4/L.314) that the words "or unlawfully" should be added after "arbitrarily." The representative of Poland felt that the Philippine amendment should be modified so as to read (E/CN.4/L.319): "No one shall be arbitrarily, that is to say, unlawfully, deprived of his property."

49. Some members spoke of the importance of recognizing the interests of the community and of limiting the right of property in relation to the public interest, safety and morals, the general welfare, public order, and social progress. To this end the representatives of Chile and Uruguay proposed (E/CN.4/L.317) that the right of property be "subject to such limitations as the public interest and social progress required."

Alternative proposal by Chile

50. The representative of Chile considered that the best way to formulate the proposed article was to repeat the text of article 23 of the Inter-American Declaration of the Rights and Duties of Man adopted at Bogotá in 1948. He based his view on the fact that, in his opinion, it was the Commission's task to indicate not the limits within which this right should enjoy international protection, since that necessarily depended on the political system in force in each country, but the scope which should be given to the right of property in order to make it a human right, and, as such, fundamental and inalienable.

51. The text of the alternative proposal of Chile was as follows (E/CN.4/L.320/Corr.1):

"Every person has a right to own such private property, as meets the essential needs of

decent living and helps to maintain the dignity of the individual and of the home."

The text proposed by the subcommittee

52. In an effort to reconcile the various points of view, the sponsors of the proposals and amendments were asked (E/CN.4/SR.416) to constitute themselves into a working group or subcommittee to try to agree, if possible, on a single text. The subcommittee consisting of the representatives of Chile, Egypt, India, Lebanon, the Philippines, Poland, the United States of America and Uruguay, submitted the following text (E/CN.4/L.321):

"1. The states parties to this covenant undertake to respect the right of everyone to own property alone as well as in association with others. This right shall be subject to such limitations and restrictions as are imposed by law in the public interest and in the interest of social progress in the country concerned.

"2. No one shall be deprived of his property without due process of law. Expropriation may take place only for considerations of public necessity or utility as defined by law and subject to such compensation as may be prescribed."

53. This text was adopted in the subcommittee by 5 votes to 1, with 2 abstentions. Some members however reserved their right to reintroduce their proposals and amendments in the Commission.

54. Amendments were proposed to the text of the subcommittee by the representatives of France (E/CN.4/L.322) and the United States of America (E/CN.4/L.323). The United States proposed that the right of property should be subject to such "reasonable" limitations as are imposed by law in the public interest, etc.; that no one should be "arbitrarily" deprived of his property; and that "just" compensation should be paid in case of expropriation. The representative of France wanted to define compensation as that "prescribed by the law and by the general principles of international law."

55. The word "reasonable" was considered by some members as providing an international standard without which there could be no international protection of the right of property, and reference was made, in this connection, to the use of the term "unreasonable" in article 23 of the draft covenant on civil and political rights. Other members maintained that the vague word "reasonable" would weaken the text and might lead to interference in the activities of States in the name of alleged international standards.

56. The expression "due process of law" was claimed by some members to have a particular meaning only in certain countries where it covered both substantive and procedural aspects. Whatever special meaning the Commission might wish to give to it might not be universally accepted. In any case, laws enacted by proper procedures might nevertheless be arbitrary and, therefore, the use of the word "arbitrarily" was to be preferred, especially since it had been used both in the Universal Declaration and in the draft covenant on civil and political rights. On the other hand, it was repeated that the word "arbitrarily" defied definition and carried no legal connotation unless it was synonymous with "unlawfully."

57. It was also argued that the idea of "just compensation" was already included in the concept of "due process of law," but if there was to be a refcrence to expropriation and compensation it was necessary to provide specifically that compensation should be just. Other members maintained that the word "just" was open to conflicting interpretations since it had no generally accepted international connotation.

58. The formula that compensation should be as "prescribed by the law and by the general principles of international law" was preferred by some members as the better way to obviate difficulties arising out of the conflict of laws. While domestic laws would ordinarily apply to all persons within the jurisdiction of a state, aliens would in addition enjoy the protection of international law. Aside from a feeling that the term "general principles of international law" was not sufficiently precise, other members thought that those words might affect article 1, paragraph 3, of the draft covenant relating to the permanent sovereignty of peoples over their natural wealth and resources.

59. Several members were opposed to the inclusion of any reference to compensation, feeling that it was unnecessary, because it was set forth in paragraph 2 of the draft article that expropriation should take place in accordance with the provisions of the law and a state might provide in its law all the provisions under which expropriation could be carried out. Some expressed the view that the general limitations clause; i.e., article 4 of the draft convenant on economic, social, and cultural rights, would provide sufficient safeguards against the abuse of the right of property.

Decisions of the Commission

60. The Commission voted first on the text submitted by the subcommittee together with amendments thereto (E/CN.4/SR.418).

61. Paragraph 1: The subcommittee's text read as follows:

"The states parties to this covenant undertake to respect the right of everyone to own property alone as well as in association with others. This right shall be subject to such limitations and restrictions as are imposed by law in the public interest and in the interest of social progress in the country concerned."

62. The first sentence was adopted by 17 votes to none, with 1 abstention.

63. The amendment of the United States of America (E/CN.4/L.323) to insert the word "reasonable" between the words "such" and "limitations" in the second sentence was rejected by 7 votes to 6, with 5 abstentions.

64. The original text of the first paragraph was adopted by 9 votes to 1, with 8 abstentions.

65. Paragraph 2: The subcommittee's text read as follows:

"No one shall be deprived of his property without due process of law. Expropriation may take place only for considerations of public necessity or utility as defined by law and subject to such compensation as may be prescribed."

66. The amendment of the United States of America (E/CN.4/L.323) to replace in the first sentence the words "without due process of law" by the word "arbitrarily", to be inserted before the word "deprived", was rejected by 9 votes to 6, with 3 abstentions, and the original text of the first sentence was adopted by 9 votes to 3, with 6 abstentions.

67. The first part of the second sentence, namely, the words "Expropriation may take place only for considerations of public necessity or utility as defined by law", was voted on separately and adopted by 12 votes to 1, with 5 abstentions.

68. To the rest of the second sentence there were two amendments submitted by France and the United States of America, respectively. The Commission decided by eight votes to seven, with three abstentions, to vote first on the amendment of France (E/CN.4/L.322) which was to replace the words "subject to such compensation as may be prescribed" by the words "and subject to the compensation prescribed by the law and by the general principles of international law." The part consisting of the words "and subject to the compensation prescribed by the law" was adopted by six votes to three, with nine abstentions, while that consisting of the words "and by the general principles of international law" was rejected by eight votes to seven, with three abstentions. The French amendment, as thus truncated, was rejected by 8 votes to none, with 10 abstentions. The amendment of the United States of America (E/CN.4/L.323) to replace the words "such compensation as may be prescribed" by the words "just compensation" was rejected by seven votes to six, with five abstentions.

69. The original text of the second paragraph (see par. 65 above) was adopted by six votes to five, with seven abstentions.

70. The text as a whole: No amendments having been adopted, the Commission voted on the original text of the subcommittee as a whole and rejected it by seven votes to six, with five abstentions.

71. The Commission did not proceed to vote on the proposals of the representatives of the United States of America and Chile and the amendments thereto, as it adopted (E/CN.4/SR.418) by 12 votes to 2, with 4 abstentions, a motion of the representative of Uruguay to adjourn sine die consideration of the question of the inclusion of an article on the right of property in the draft covenant on economic, social, and cultural rights.[7]

Mr. Chairman, it is obvious that the hopes and aspirations of the underdeveloped countries cannot be fully realized through grants or loans from multilateral organizations operating under the auspices of the United Nations, or by help from our own taxpayers. On the contrary, we have demonstrated through our own achievements what may be accomplished through private enterprise operating under the guarantees provided in our Constitution. We have not only provided the material resources to win two world wars, but our economy has been the bulwark for the reconstruction of devastated lands throughout the world after the holocaust of World War I and II. This experience cannot be minimized, and it is difficult to justify any additional funds for foreign assistance to those countries who refuse to benefit from our experience.

Mr. Chairman, I have compiled a list of the principal properties which have been expropriated without adequate compensation to the former owners under Cuban statutes enacted since the overthrow of Fulgencio Batista. A conservative evaluation of these properties would exceed $1 billion. If these funds had been invested in other countries or had been used to increase the productivity of our own economy, the ultimate result would have contributed to the Federal revenue.

Mr. Chairman, I include herewith a tabulation of the private properties that have been expropriated by the Castro regime in Cuba.

CUBA

U.S. affiliates, subsidiaries, and citizens whose properties were expropriated wholly or partly under agrarian reform law of June 3, 1959:

Compania Canadera Becerra (King Ranch), cattle ranch.

San Andres Ranch (Sumner Pingree and family), cattle ranch.

---

[7] "United Nations Commission on Human Rights Report of the 10th Session," Economic and Social Council Official Records: 18th Session, supplement No. 7, Feb. 23–Apr. 16, 1954, pp. 7–9.

St. Mark's Land Cattle Co. (Jack Everhart), cattle ranch.
All sugarcane lands of companies operating mills (see list of "Sugar companies").
U.S. affiliates or subsidiaries expropriated by law 851 of July 6, 1960, Resolution 1;
Compania Cubana de Electricidad (Cuban Electric Co., American foreign power).
Compania Cubana de Telefonos (Cuban Telephone Co., I.T. & T.).
Equipos Telefonicos Standard de Cuba, S.A. (I.T. & T. subsidiary-manufacturing-assemblers telephone components).
Sinclair Cuba Oil Co., S.A., petroleum storage facilities, distribution system.
Esso Standard Oil, S.A. (Standard Oil of New Jersey), petroleum refinery, storage facilities, distribution system.
Texas Co. (West Indies) Ltd., petroleum refinery, storage facilities, distribution system.
Sugar companies (excludes lands nationalized by agrarian reform law):
Atlantica del Golfo S.A.
Baragua Industrial Corp.
Central Cunagua S.A. (American Sugar Refining).
Central Ermita S.A.
Cia, Agricola San Sebastian (Cuban-American Sugar Co.).
Cia. Azucarera Cespedes.
Cia. Azucarera Soledad.
Cia. Central Altagracia of West Indies.
Cia. Cubana S.A.
Cia. Azucarera Vertientes-Camaguey.
Cuban American Sugar Co.
Cuban Trading Co.
Florida Industrial Corp. of New York.
Francisco Sugar Co.
General Sugar Estates.
Guatanamo Sugar Co.
Macareno Industrial Corp. of New York.
Manati Sugar Co.
Miranda Sugar Sales Co.
New Tuimucu Sugar Co.
Punta Alegre Sugar Co.
United Fruit Co.
Banks, resolution 2:
Chase Manhattan Bank.
First National City Bank of New York.
First National Bank of Boston.
Resolution 3:
Burrus Flour Mills, flour milling.
Reynolds International de Cuba S.A., regional office.
Moore Business Forms de Cuba, business forms.
West Indies Perlite Manufacturing Corp., building materials.
Manufacturers General Electric S.A., electrical supplies.
Union Light Power Co. of Cuba.
Cia. Antilante de Lanchajes S.A.
Petroleo Cruz Verde S.A., petroleum exploration.
Cia. Cubana de Minas y Mineralos S.A., minerals.
Bethlehem Cuba Iron Mines & Co., iron ore.
Havana Coal Co., coal.
Regla Coal & Co., of Cuba S.A., coal.
Consolidated Development Corp., petroleum exploration.
Sun Oil Co., petroleum exploration.
Kewanee Inter-American Oil Co., petroleum exploration.
Cuban Gulf Oil Co., petroleum exploration.
Atlantic Refining Co., petroleum exploration.
ATESA Drilling Co.
Exploration Incorporated Rayflex.
Haliburton Oil Well Cementing Co.
John Bros. Co.
Productos Shulton de Cuba, S.A., toilet articles.
Max Factor Co., cosmetics.
Cuban Nickel Co., S.A., Nickel Processing Corp., U.S. Government-owned nickel plants.
Cuban Air Products Corp., oxygen equipment.
Orientes Products Corp.
Servicios de Gomas Pioneer, S.A. (Pioneer Tire Co.), tire recapping.
Compania Gas Liquido, S.A., liquid petroleum gas.
Gas Popular de Cuba, S.A., liquid petroleum gas.
H. D. Roosen Co., S.A.
Polyplasticos Industriales, S.A.
Sika Industrio-Quimica, S.A.
Home Products of Cuba, Inc.
Peison Romsi & Cia.
Armco International Corp., iron & steel products.
Mohawk Iron & Steel Corp., iron & steel products.
Fundicion MacFarlane, S.A. (J. MacFarlane and Family), foundry.
Reynolds Aluminum Co. of Cuba, aluminum foil, etc.
Manufacturers Kawneer de Cuba, S.A. (The Kawneer Co.), aluminum products.
Productos de Cobre de Cuba, S.A. (Phelps-Dodge Corp.), copper wire.
Ventanas de Caribe S.A., aluminum windows.
National Paper & Type Co. of Cuba S.A., paper and paper products.
Compania Papelera Flamingo S.A., paper and paper products.
Cuban American Metals Distributors, Inc.
International Carbon & Ink S.A., paper.
Industrias Metalicas & Electricas S.A.
Palm Clothing Co., clothing.
Cia. Nacional de Huatas S.A.
Elliot Knitting Mills, Inc. of Cuba S.A., textiles.
Exquisite Form Brassiere of. Cuba S.A., clothing.
Tejidos Nina S.A., textiles.
Fabricantes de Colchones Americanos S.A., bedding.
Cia. Onix de Cuba S.A.
Consolidated Textile Mills, Inc., textiles.
Arroccra Texita S.A., rice mills.
Cia. de Refresco Canada Dry S.A., beverages.
Pan American Standard Brands, Inc., yeast.
Cuba Grapefruit, Inc.
Rancho Products Corp.
Alquizar Pineapple Co., Inc., pineapple.
General Distributors S.A.
Supermercados Eklon S.A., supermarket.
F. W. Woolworth Co., merchandising.
Sears, Roebuck & Co., merchandising.
Compania de Ferrocarril de Puerto Padre, railway.
Hershey Cuban Railway Co. S.A., railway.
Armour & Co., fertilizers.
Cia de Cemente Cubana Portland (Lone Star Cement Co.), cement producer.
Cia. de Vidric Owens-Illinois, S.A. (Owens-Illinois Glass Co.), glass containers.
Continental Can Corp., metal containers.
Cia. Goodrich de Cuba (Goodrich Rubber Co.), rubber tires.
Firestone Tire & Rubber Co. of Cuba S.A., rubber tires.
Cia. Embotelladera Coca-Cola, S.A., beverages.
Minimax Supermercados, S.A., supermarkets.
Schering Pharmaceuticals of Cuba, pharmaceuticals.
Abbott Laboratories de Cuba, pharmaceuticals.
E. R. Squibb & Sons, pharmaceuticals.
Cuban American Line Supply Co.
Insurance companies:
Pan American Life Insurance Co.
Cia. de Seguros de Ingenios, S.A.
United States Life Insurance Co.
American Insurance Co.
Commercial Insurance of Newark, N.J.
The Home Insurance Co.
Insurance Co. of North America.
Johnson & Higgins, S.A.
Seguros Frenkel de Cuba, S.A.
American Insurance Underwriters of Cuba, S.A.
Occidental Life Insurance Co.
American National Insurance Co.
The Employer's Fire Insurance.
Firemen's Insurance Co. of Newark.
Great American Insurance Co.
The Hanover Fire Insurance Co.
Hartford Fire Insurance Co.
Maryland Casualty Co.
National Union Fire of Pittsburgh.
Phoenix Insurance Co. of Hartford.
Queen Insurance Co., Ltd., of America.
Saint Paul Fire & Marine Insurance.
Security Insurance Co. of New Haven.
The Unity Fire & General Insurance.
United States Fire Insurance Co.
Eagle Fire Co. of New York.
American Surcty Co.
American International Insurance Co.
National Fire Insurance of Hartford.
Machinery, motor vehicles, accessories, and parts:
Power Machinery Co. S.A.
Power Equipmcnt, S.A.
International Harvester of Cuba.
W. M. Anderson Trading Co. S.A.
Willys Distribtuors, S.A.
Agencia de Tractores y Equipos.
Iberia Machinery Co., S.A.
Autos Vokswagen de Cuba, S.A.
Piezas y Accessories K. W., S.A.
The United Shoe Machinery Co.
Remington Rand de Cuba S.A.
La Antillana, Cia. Comercial de Creditors, S.A.
Otis Elevator Co.
Fiberglass Distributors, Inc.
Compania de Ensamblaje de Aires Acondicionados, S.A.
Credites y Descuentos Mercantiels, S.A. (Ford Motor Co.), financing company.
General Motors Acceptance Corp., S.A. financing company.
Colon Independent Trading Corp., financing company.
Kodak Cubana, Ltd.
Railway Express Agency, Inc.
Hacienda San Andres, S.A., agriculture.
American Hatchery and Farms Co., S.A., agriculture.
Lone Star Farms, S.A., agriculture.
Granja Los Americanos, S.A., agriculture.
Lykes Bros., Inc., agriculture.
Simmons International, Ltd., mattresses.
Cuban Land and Leaf Tobacco, Inc., tobacco.
Calixto Lopez Cia., Inc., tobacco.
Rothchild-Samuel-Suignan, S.A., tobacco.
Duys & Co. Havana Tobacco Co., Inc., tobacco.
Rupping Havana Tobacco Co., S.A., tobacco.
Standard Havana Tobacco Co., S.A., tobacco.
Tabcalera Cubana, S.A., tobacco.
Rey del Mundo Cigar Co., tobacco.
Cia. Tabacalera de Rancho Boyeros, S.A., tobacco.
Hotels, restaurants, bars, etc.:
Hotels Internacionales, S.A.
Casino de Capri, S.A.
Presidente Corp., S.A.
Restaurant Eden Roc, S.A.
Isle of Pines Enterprises, S.A.
Compania de Hotelcs La Riviera de Cuba, S.A.
Intercontinental Hotels Corp. of Cuba.
Cia. Hotelera Shepard, S.A.
Hotel Casino Deauville, S.A.
Hoteles Hilton de Cuba, S.A.
Hipodromo Jockey Club de Cuba, S.A.
Tintoreria Lux, S.A., dry cleaning.
Lavanderia La Cubana, laundry.
Tintoreria y Lavanderia Panam, S.A., drycleaning, laundry.
Caribbean Merchandising Co.
Filtrona Cubana, S.A.
Pan American Protecting Service, S.A.
Havana Docks Corp.
Standard Fruit & Steamship Co.

U.S. companies expropriated by law 890 of October 14, 1960:

Crusellas y Cia., S.A. (Colgate, Palmolive Peet), toilet articles.

Cia. Mennen de Bua, S.A., toilet articles.

Envases Industriales y Comerciales S.A. (W. R. Grace & Co.), specialties and paper containers.

Pittsburgh Plate Glass International, S.A., glass sales.

Sherwin Williams Co. of Cuba, S.A., paints, varnishes.

Du Pont Inter-American Chemical Co., Inc., paints, varnishes.

American Agricultural Chemical Co., fertilizers.

Tubos de Aluminio, S.A. (Colgate, Palmolive Pete), tubes for toiletries.

The Bohon Trading Corp.

Pan American Products.

Cia. Lithographiac de la Habana, S.A.

Gold Seal Hosiery, hosiery.

Tejidos Soltex, textiles.

Ribbon Fabric Co. of Cuba, S.A.

Swift & Co., meatpacking.

Los Preclos Fijos, S.A.

Ferrocarilles Consolidados de Cuba, S.A. (consolidated railways of Cuba).

Readers Digest (printing presses leased to expropriated firm).

U.S. affiliates, subsidiaries, and firms owned by U.S. citizens, which have been intervened:

Cia. Antillano de Acero (10 percent U.S. owned), manufacturing iron and steel rods.

Cia. Concordia Textile (U.S. Pres. in Cuba), textiles.

Cia. Industrial de Goma (U.S. Pres. in Cuba), rubber products.

Cia. Pepsi-Cola de Cuba (Pepsi-Cola Intl.), soft drink bottles.

Goodyear de Cuba (Goodyear Rubber Tire Co.), tires and tubes.

U.S. Rubber Co. Ltd., rubber shoes and products; tires and tubes.

Moa Bay Mining Co. (Freeport Nickel-Sulphur), nickel and cobalt.

Mr. Chairman, in addition to the expropriations in Cuba, there have been many other staggering losses to American investors.

Again, Mr. Chairman, I include herewith a list of expropriations since the end of World War II to be included in my remarks for the benefit of my colleagues:

Years 1945-50. Eastern Europe: General nationalization of land and business properties including U.S.-owned property in Yugoslavia, Poland, Czechoslovakia, Bulgaria, Rumania, and Hungary.

Settlement:

Claims agreement between United States and Yugoslavia, July 19, 1948—lump sum settlement.

Claims agreement between United States and Rumania, March 30, 1960—lump sum settlement.

Claims agreement between United States and Poland, July 16, 1960—lump sum settlement.

Claims of U.S. nationals against Czechoslovakia, Bulgaria and Hungary have been paid in part out of vested assets of respective countries in United States by legislation: International Claims Settlement Act of 1949, as amended, title III (Public Law 285, 84th Cong., Hungary, Bulgaria, Rumania) and title IV (Public Law 85-604—Czechoslovakia).

Communist China: General nationalization of land and business properties, including U.S.-owned property. United States does not maintain diplomatic relations.

Settlement: None concluded.

October 13, 1952, Bolivia: Nationalized tin mines including the Patino interests of which one company was partially owned by U.S. stockholders. None of nationalized companies incorporated in United States.

Settlement: Interim payments pending final settlement made to U.S. stockholders out of proceeds of tin sales under agreement between Bolivia and Patino interests in 1953, renewed in 1956. Final settlement now under negotiation between company and government.

March 5, 1953, Guatemala: Expropriation of 234,000 acres of subsidiary of United Fruit Co. for purposes of agrarian reform.

Settlement: United States submitted formal claim against Guatemala after company exhausted local remedies, but expropriation was rescinded by new government which took power in 1954.

July 26, 1956, United Arab Republic: Nationalization of Suez Canal Co. which had some U.S. stock ownership.

Settlement: Compensation agreement signed July 13, 1958 by United Arab Republic and representatives of stockholders. International Bank afforded good offices in negotiations between United Arab Republic and stockholders.

July 7, 1958, Argentine: Municipal government of Toberia in Buenos Aires province expropriated subsidiary of American & Foreign Power Co. (ANSEC)

Settlement: Overall settlement between government and company for this property and other properties expropriated seized and intervened previously by local governments in Argentina made November 28, 1958, with all American & Foreign Power electric facilities in Argentina transferred to Argentine Government. Settlement contract called for court evaluation of properties which was issued April 26, 1961, and accepted by company.

December 26, 1958, Yugoslavia: Nationalization of urban dwellings, business premises and underdeveloped building lots including U.S.-owned property.

Settlement: United States and Yugoslavia have agreed to begin negotiations soon for settlement of claims arising after 1948.

May 11, 1959, Brazil: Governor of Rio Grande do Sul issued order expropriating American & Foreign Power Co. holdings in state.

Settlement: Case now pending in Brazilian courts.

June 3, 1959, Cuba: Agrarian reform law provided for expropriation of estates over a certain size including U.S.-owned sugar plantations. U.S. note to Cuban Government protested inadequate provisions for compensation.

Settlement: None concluded to date.

July 5, 1960, Cuba: Law authorized nationalization of all U.S.-owned properties to be carried out as applied to particular properties by subsequent decrees. Law was in specific retaliation against United States cutting Cuban sugar quota. Probably all or nearly all U.S.-owned property in Cuba has been taken under this or other expropriation law. Several U.S. notes to Cuban Government protested discrimination and inadequate provision for compensation.

Settlement: None concluded to date.

1961. Ecuador: Sheraton Hotel.

Settlement: None concluded to date.

1962, Brazil: Governor of Rio Grande do Sul expropriated International Telephone & Telegraph properties in that State.

Settlement: Presently under negotiation between company and Government.

Ceylon: Requisition of certain assets of oil firms including American Caltex and Esso Cos. The new Government-owned Ceylon Petroleum Co. will use the seized properties to put itself into business and will sell cut-price Russian oil.

Settlement: Formal note from Ceylon Government received stating its intention to make prompt and effective compensation for all assets requisitioned. The foreign oil companies have been promised compensation, but they are not optimistic. A foreign bus company expropriated 3½ years ago has still not been paid for its properties.

1945–62, Mexico: From time to time Mexico expropriates U.S.-owned and other property under its agrarian reform program.

Settlement: While there has been no overall settlement of claims, there have been isolated instances of individual settlements.

Mr. Chairman, the pending amendment to the Foreign Assistance Act of 1961 includes the authorization of funds to support the investment guarantee program in the amount of $100 million. The committee report in commenting on this provision stated and I quote:

The committee is not satisfied with the rate of progress in issuing guarantees. The economic development of the countries eligible for investment guarantees will be retarded if private investment in such countries is delayed. The administrators of the program are urged to take whatever action may be necessary to speed up its operation.

The act provides that the guarantee program, both on specific and general risks "shall be administered under broad criteria." There is need, now more than ever, for a more imaginative use of these guarantees if private enterprise participation in programs such as the Alliance for Progress is to take place. In Latin America, for example, the specific risk guarantees and housing guarantees can be used to encourage reinvestment of earnings or capital that would otherwise leave the area; they should also be available for the new investments of the U.S. investor who agrees to reinvest his compensation in whatever form received when governmental entities expropriate or buy him out, as is now proposed with respect to the recent utilities cases in Latin America.[8]

Apparently, the pending measure not only authorizes additional funds for economic assistance programs in other nations, but also provides guarantees to compensate our nationals whose properties may be expropriated by a country receiving U.S. aid.

Mr. Chairman, any contract whereby the U.S. Government guarantees an oversea investment should include an agreement by the investor with the U.S. Government to subrogate any claim against a foreign nation and to relinquish any assets in such country.

Mr. Chairman, Price Waterhouse & Co. in February 1962 published a booklet entitled, "Summary Information Relating to Investments in Certain Countries." It contains key information for those considering private investments in various nations of the world. Data is furnished with respect to convertibility of exchange, remittance of profits, repatriation of capital, government policy as regards ownership by foreign interests, government guarantees regarding foreign and locally owned companies, guarantees against expropriation, investment guarantees available from U.S. Government and availability of local capital. Mr. Chairman, I ask leave to include the summary tables from this publication at this point in my remarks:

[8] Foreign Assistance Act of 1962, report of the Committee on Foreign Affairs, June 7, 1962, p. 9.

Summary information relating to investments in certain countries

Country	Convertibility of exchango	Remittance of profits	Repatriation of capital	Policy as regards ownership by foreign interests	Government guarantees regarding foreign and locally owned companies	Guarantees against expropriation	Investment guarantees available from U.S. Government [2]	Local capital available
Argentina	No restriction	No restriction	No restriction	No restriction except in a few exceptional cases (airplanes, defense zones, etc.).	No legal difference between foreign-owned and locally owned companies.	No guarantees, but laws prescribe that a fair compensation must be paid.	Yes	Little available.
Austria	Purchase and sale of foreign exchange are subject to control by Austrian National Bank.	Subject to control by Austrian National Bank.	Subject to control by Austrian National Bank.	No special restrictions; trading license required by all companies.	do	Special law required for expropriation.	No	Do.
Belgium (and Luxemburg).	No restriction. Imports and exports and certain services can be converted at official rate. Investments and profits at free rate.	No restriction	Authorization is normally given for repatriation of capital to the country of origin; however, a transfer guarantee should be obtained at the time of the investment.	No restriction	do	do	No	Yes.
Bolivia	No restriction (surcharge 2.2 percent of the selling rate).	No restriction (sometimes difficult to obtain large amounts).	No restriction (under the petroleum code, repatriation is limited to 20 percent per annum of total investment).	No restriction except in "reserved areas" or within 50 kilometers of national frontiers.	No legal difference between foreign owned and locally owned companies. Special guarantees to oil concessionaires and for investment in new industries.	No guarantees, but laws prescribed that compensation must be paid.	Yes	Little available.
Brazil	(1)	(1)	(1)	No restriction except in petroleum exploration, production and refining, fishing, aviation and coastwise shipping, newspapers and radio and industries in border areas.	No specific guarantees. Under Brazilian constitution all corporations organized under Brazilian law enjoy same rights and privileges.	No guarantees other than those contained in the constitution.	No	Do.
Chile	Exchange freely convertible through bankers or brokers markets, depending on circumstances.	No restriction but government approval must be obtained. Exchange to be purchased through brokers market.	As long as the capital was originally registered with the Central Bank, permission can be obtained for repatriation. Exchange to be purchased through brokers market.	No restriction except in petroleum exploration and refining, aviation and coastwise shipping and industries in northern border areas.	No legal difference between foreign owned and locally owned companies although special guarantees are awarded in some cases.	do	Yes	Do.
Colombia	Exchange is pegged for most imports and exports. For other transactions, a free exchange market exists.	No restriction	No restriction	No restriction except as regards airlines.	None except for normal constitutional guarantees of protection applying equally to foreign owned and locally owned companies.	No guarantees	No	Do.
Denmark	No restriction	do	do	No restrictions except in a few exceptional cases (national defense and retail trade). Approval, generally obtainable, of Ministry of Commerce needed for investments exceeding DKr 40,000 per annum.	No legal difference between foreign owned and locally owned companies.	Expropriation possible only by special act of parliament and compensation must be paid.	No	Yes.
Ecuador	do	do	do	No restriction	No legal difference between foreign owned and locally owned companies although special guarantees are granted in some cases.	No guarantees	Yes	Little available.

Footnotes at end of table.

Summary information relating to investments in certain countries—Continued

Country	Convertibility of exchange	Remittance of profits	Repatriation of capital	Policy as regards ownership by foreign interests	Government guarantees regarding foreign and locally owned companies	Guarantees against expropriation	Investment guarantees available from U.S. Government [2]	Local capital available
Finland	Restricted, but permission may be granted by the Finnish Central Bank.	Prior authorization of Central Bank required. Normally permitted on the basis of special application but limited to a certain percentage of the investment made in foreign currency.	Restricted, unless authorization is obtained at time of investment.	Special permission required. Also, Council of State permission needed for foreign land ownership or lease exceeding 5 years and for foreign investment in mining, banking, insurance, and transportation industries.	No legal difference between foreign owned and locally owned companies.	Expropriation of property would require special act of Parliament. Land may be expropriated for public use but full compensation must be paid.	No	Restricted at present.
France (including Algeria).	Convertible, but purchases of foreign currency are subject to general or special authorization which is usually obtainable for current payments.	Permission needed, but normally given if investment has been authorized by exchange authorities	Permission needed, but normally given if investment has been authorized by exchange authorities.	No restrictions except in a few exceptional cases for reasons of national defense, etc. In a limited number of cases a majority holding by foreign interests may be refused by the authorities.	No legal difference between foreign owned and locally owned companies.	Certain guarantees contained in the treaty of establishment between France and the United States.	No	Yes.
Germany	No restriction	No restriction	No restriction	In general no restrictions, except establishment of a branch requires a permit. Defense Ministry scrutinizes companies wishing to operate in field of national defense.	do	None, but the constitution only allows expropriation in the public interest under a law providing for fair compensation.	No	Yes.
Italy	Convertible, but subject to general or special authorization which is usually readily obtainable for current transactions.	do	No restriction, if originally introduced for a "productive enterprise"; otherwise may not be permitted until after 2 years.	No restrictions, except where matters of national defense, etc., are concerned (e.g., ships, aircraft), also banking organizations.	do	No guarantees, but laws prescribe that fair compensation must be paid.	No	Yes.
Libya	Purchase of foreign currency can be made only against a permit which is granted at the discretion of the authorities.	Permission granted provided authorities are satisfied the profits are due nonresidents and, by review of audited accounts, that the profits are stated fairly.	Situation unclear. Seems probable that capital could be repatriated if an enterprise were to be liquidated but such cases have rarely arisen.	Permission given if authorities satisfied as to introduction of some special skill which cannot be supplied by a Libyan controlled enterprise. When this is not the case, effective control and a 51 percent share of profits must accrue to Libyan nationals. Currently, land may not be purchased by a non-Libyan.	No legal difference between foreign owned and locally owned enterprise except that special rules are applied to oil exploration companies.	There are no guarantees, nor does there appear to be any legislation on this subject.	No	Little available.
Luxembourg. (See Belgium.)								
Mexico	No restriction	No restriction	No restriction	Ownership in the petroleum industry, electrical utilities and railroads restricted to Government agencies, and lumbering and petrochemical industries restricted to Mexican entities. Mexican majority ownership required in numerous other industries.	No legal difference between foreign owned and locally owned companies.	No guarantees, but laws prescribe that a fair compensation must be paid.	No	Some available.
Morocco	Convertible but purchases of foreign currency are subject to approval by exchange control authorities.	Permission needed, but normally given if investment has been authorized by exchange authorities.	Permission normally given if investment has been authorized.	No restrictions except that if investment has a national interest the Government will also participate.	do	None	Yes	Little available.

Footnotes at end of table.

Summary information relating to investments in certain countries—Continued

Country	Convertibility of exchange	Remittance of profits	Repatriation of capital	Policy as regards ownership by foreign interests	Government guarantees regarding foreign and locally owned companies	Guarantees against expropriation	Investment guarantees available from U.S. Government [2]	Local capital available
Netherlands	No restriction	No restriction	No restriction	Permit required from currency control authorities on acquisition.	No legal difference between foreign owned and locally owned companies.	Constitution allows expropriation only in the public interest, by special act and compensation must be paid.	No	Yes.
Norway	Freely convertible.	Permission necessary but currently obtainable.	No restrictions on investments made after July 1, 1950. Application for transfers relating to investments made before this date are treated liberally.	Authorization required for the import of private foreign capital and purchase of shares in Norwegian companies. Concessions are required for acquisition or lease of certain properties by a foreign company. Foreigners are limited to 40 percent interest in Norwegian ships. The election of foreigners as members of boards of directors is restricted.	Apart from regulations in the concession acts and the shipping law, no legal difference between foreign owned and locally owned companies.	Constitution allows expropriation only in the public interest (including development of industry), by special act of Parliament and compensation must be paid.	No	It is very difficult for foreigners or foreign controlled companies to obtain loans due to restrictions imposed by the Government and the Bank of Norway.
Panama	No restriction	No restriction	No restriction	No restriction in industrial, mining and wholesale activities. Retail business, professions, newspapers, radio, movies, advertising, etc., are restricted.	No legal difference between foreign owned and locally owned companies.	No guarantees other than that prescribed in the Constitution which provides for payment of losses and damages.	No	Little available.
Paraguay	do	do	do	No restriction	Certain guarantees by law and by signed agreement between Paraguay and the United States.	There are certain guarantees contained in the foreign investment law and in an agreement between Paraguay and the United States.	Yes	Restricted.
Peru	do	do	do	No restriction except in insurance business, aviation, coastal, river, and lake shipping, radio, and petroleum.	Government guarantee for foreign loans available to Peruvian companies only. No statutory definition exists but 51 percent ownership by Peruvian nationals is normally required.	No guarantees other than those contained in the constitution.	Yes	Yes.
Portugal	Imports controlled by Government. Otherwise no restriction.	No restriction except that approval must be obtained from Bank of Portugal and it is sometimes difficult to obtain authorization for large amounts.	do	No restriction except where authorities consider the business concerned to be of national interest. In certain cases, state concessions impose obligations and restrictions in exchange for the concessionary rights.	No legal difference between foreign owned and locally owned companies.	None	Yes	Little available.
Spain (including Rio de Oro and Spanish Guinea).	Subject to general or special authorization.	No limit on "preferential" investments. Others limited to 6–8 percent of the foreign capital invested.	Repatriation may begin 2 years after commencement of business and may be completed in the succeeding 2 years by "preferential" companies and in 4 years by others.	Ownership is limited to 50 percent but can be extended with cabinet approval. Special rules apply to petroleum companies. Must have cabinet approval for investment in national defense industries and information media.	No legal difference between foreign owned and locally owned companies, but special rules are applied to oil concessionaires.	Certain guarantees against expropriation for reasons other than public interest and then only upon payment of fair compensation are written into Spain-United States "Investment guarantee programme."	Yes	Mainly concentrated in certain financial groups.

Footnotes at end of table.

Summary information relating to investments in certain countries—Continued

Country	Convertibility of exchange	Remittance of profits	Repatriation of capital	Policy as regards ownership by foreign interests	Government guarantees regarding foreign and locally owned companies	Guarantees against expropriation	Investment guarantees available from U.S. Government [2]	Local capital available
Sweden	Restrictions exist but, in practice, freely convertible.	Permission normally given, providing that original investment had been authorized by exchange control authorities.	Permission required but normally given. Authorization may be obtained at time investment is made.	In general, no restriction. A foreign-owned company may not carry out air transportation, own ships, or engage in insurance business. Also, certain restrictions on ownership of real estate.	No legal difference between foreign owned and locally owned companies.	Expropriation would require a special bill by Parliament.	No	The Swedish Central Bank is pursuing a restriction policy regarding the granting of new loans by commercial banks.
Switzerland	No restriction	No restriction	No restriction	No restriction except in respect of acquisition of real estate.	do	Constitution allows expropriation only in the public interest and fair compensation must be paid.	No	Yes.
Uruguay	Except for speculative dealings, exchange is freely convertible.	do	No restriction (5 percent of authorized capital must remain in Uruguay as long as the company retains local registration).	No restriction. Surcharge for absenteeism is made on real estate tax when owner maintains domicile abroad.	Protected by Constitution.	Would require special law for any expropriation.	No	Restricted at present.
Venezuela	At official exchange rate restricted to certain payments (essential importations, registered loans, limited profit remittances). No restriction in free market.	At official exchange rate partially restricted and subject to approval by Central Bank. No restriction in free market.	At official exchange rate subject to acceptance of capital registration and approval by Central Bank (at present usually not granted). No restriction in free market.	No restriction, except in specified businesses.	All corporations organized under Venezuelan law or registered to do business in Venezuela enjoy same rights and obligations.	No guarantees but laws prescribe that compensation must be paid.	No	Yes, but generally in limited amounts.

[1] At the date this booklet was printed the foreign exchange situation in Brazil continued to be uncertain and for this reason information relating to convertibility, remittance of profits, and repatriation of capital has been omitted. A supplementary report on Brazil will be issued as soon as conditions warrant.

[2] The Agency for International Development (AID) generally provides coverage of risks resulting from war, expropriation, and inconvertibility. However, in special circumstances, coverage of any risk including normal business risks is available. For full information AID should be consulted.

Mr. Chairman, in examining the table which I have just placed in the RECORD, it should be noted that in many countries the only guarantees against expropriation are those contained in their constitutions. Brazil is among the nations with such a constitutional provision.

President Kennedy justifies his refusal to suspend assistance to Brazil in spite of the expropriations which have occurred in the province of Rio Grande do Sul because he believes it is unfair to penalize an entire country because of the action of one state. Mr. Chairman, all Americans who have followed Latin American affairs are aware of the means by which constitutions are set aside by those who are elected to office or seize power. I am confident that few of our citizens realize that the governor of the province of Rio Grande do Sul happens to be the brother-in-law of the Brazilian President, who has visited Washington seeking aid and pleads that he cannot control the actions of this province. Under such conditions, investors cannot place much confidence in the written constitutions of unstable countries. They expect the support of their own government in their efforts to reduce the burden on our taxpayers when they undertake economic development by establishing private enterprises in developing countries. They have every right to expect that foreign assistance to a government which confiscates their property without compensation will be suspended. This is the least that we can do to support our own citizens. Superficially, the pending measure appears to meet this problem, as it provides for the suspension of assistance when expropriations occur for which equitable and speedy compensation in convertible foreign exchange as required by international law is not provided. However, section 301 permits continued assistance if "the President determines such suspension to be inconsistent with the national interest."

Mr. Chairman, realistically, the President's determination on such matters will be based upon recommendations by the State Department. Unfortunately, again, experience shows that the Department has not been successful in promoting and protecting the interests and investments of our nationals. In response to a request from the chairman of the Senate Committee on Foreign Relations for information concerning the expropriation of foreign investments owned by U.S. nationals, Mr. Frederick G. Dutton, an Assistant Secretary of State, stated and I quote:

So far as is known, no complete list of expropriated property is maintained by any U.S. Government agency. Thus the enclosed list cannot be considered a complete record of all expropriations or actions of foreign governments affecting U.S. investments abroad for the period covered.[9]

[9] Foreign Assistance Act of 1962, report of the Committee on Foreign Relations on S. 2996, 87th Cong., 2d sess., S. Rept. No. 1535, p. 91.

Mr. Chairman, it is inconceivable that an Assistant Secretary of State is oblivious to the actions that have taken place in Brazil and in other nations whose policies undermine the success of U.S. foreign assistance programs including the Alliance for Progress.

Under such conditions, the Congress cannot authorize vast sums for assistance without maintaining constant surveillance with respect to the economic climate that prevails in other countries which influences private enterprise investments and the attainment of the goals of government assistance programs.

Mr. Chairman, in 1957, during the 85th Congress, our distinguished colleague, the gentleman from Alabama [Mr. SELDEN], introduced a resolution (H.J. Res. 160) to establish a Commission to study the conditions prevailing in countries that are the recipients of governmental aid and also benefit from U.S. private investment.

Mr. Chairman, the need of congressional review of the interrelationship of our foreign assistance program and private investments by our nationals is even greater today than it was in 1957.

During the course of the hearings before a subcommittee of the Committee on Foreign Affairs to consider House Joint Resolution 160, in February 1957, the gentleman from Alabama, explained the need for a review by the Congress and the executive branch of our foreign economic policies:

As you know, the United States has in the past few years expended billions of dollars to speed the recovery of war-torn countries and to encourage the development of undeveloped economies. It is the purpose of much of this aid to stimulate the growth of sound economies so that political stability will be encouraged and tensions reduced.

It is generally conceded that an increase in the flow of private investment capital abroad would reduce the need for massive governmental aid in many areas. Private capital could accomplish many of the objectives of our governmental aid, particularly where the purpose of our assistance is to develop the local economy and thereby promote economic and political stability. Private capital could achieve the identical results without placing a heavy burden on the U.S. taxpayer. Needless to say, any relief from the heavy burdens of governmental expenditures would be welcome.

Unfortunately, private concerns or private individuals are unwilling under present-day circumstances to send their capital into many areas of the world. There are numerous reasons for this reluctance. Some of these are fear of political revolution and disturbance, unfavorable tax conditions, limitation of the market area and limitations on profits to be earned. It is generally agreed, however, that one of the principal deterrents to private investment in many areas is the fear that the investment will be either confiscated, expropriated, or nationalized. In the last few years these fears seem to have been justified. The former concept of the sanctity of private property has been whittled away. The seizure of the oil properties in Iran and the seizure of the Suez Canal only highlight and emphasize the danger to which private capital overseas is subject. It is not unreasonable that private investors are loath to increase existing investments or to initiate new investments in areas where confiscation and nationalization have become national policy.

There have been numerous surveys of American oversea investment and of the reasons why Americans invest and why they refuse to invest abroad. In almost every instance nationalization and confiscation have been mentioned as being among the principal deterrents to new investment. No corporation can afford to place millions of its stockholders' dollars in new plants abroad if the plant is in danger of being nationalized at any moment.

With these thoughts in mind, House Joint Resolution 160, to create a Commission to study and make recommendations for the security of American foreign investments and the prevention of claims against the United States, is directed toward a study of these problems.[10]

The principal point toward which the study of this Commission would be directed would be the question of the possibility and desirability of establishing a uniform code to protect the United States and its citizens from nationalization, expropriation, or confiscation of private and governmental investments abroad. It is contemplated that such a code or convention might eventually become worldwide in application. If such a code or convention governing nationalization, expropriation, or confiscation of private property abroad could be drafted and if sufficient signatories to such a code could be secured, the flow of American private investment would be facilitated.

I realize that a code or a convention is nothing more than a piece of paper unless the signatories to the convention are willing and ready to implement its provisions in good faith. Although some nations might give such a convention only lipservice, the significance of the entering into force of such a code or convention would place a stigma on the high-handed practices of many governments and would constitute a start toward the establishment of a good climate for international trade and investment. However, should the contemplated study reveal that a code or convention is not feasible, ways, means, and methods may be developed as a result of the study whereby our bilateral or multilateral treaties of friendship, commerce, and navigation may be revised, brought up to date, and extended. The primary purpose of the resolution is to make a study which will result in the production of climates favorably conducive to trade, thereby affording to American oversea investments the security to which they are entitled.

If the dangers of nationalization and of confiscation of private property are reduced, it is only natural to assume that the flow of private capital would increase, since one of the principal dangers to oversea investments will have been partially removed.[11]

Mr. Chairman, the former Deputy Assistant Secretary of State for Economic Affairs, Mr. Kalijarvi testified with respect to Mr. SELDEN'S resolution, House Joint Resolution 160, 85th Congress. He referred to the treaties of friendship, commerce, and navigation which had been executed with other countries to strengthen the position of the U.S. investor. However, he stressed the limitations in both bilateral and multilateral treaties in establishing a uniform code for the protection of foreign investments.

Mr. Chairman, I include herewith excerpts from former Secretary Kalijarvi's testimony to be included at this point in my remarks:

The experience of the Department of State over many years has convinced us that the bilateral treaty of friendship, commerce, and navigation offers the most practical means of affording treaty protection to American investors abroad. Multilateral negotiations have been found to produce unsatisfactory results, and the reasons are not difficult to perceive. There are great variances among nations as to the degree to which they are prepared to bind themselves legally to accord fair treatment, even among those which in fact, accord fair treatment in practice. Some countries with federal constitutions, including Australia, Canada, and the United States, have special problems which limit the commitments they can undertake. Efforts at general uniform arrangements tend to break down over the differences among individual countries and their varying legal systems and economies. Consequently, bilateral negotiations during which adjustments can be made to take care of individual differences, may be expected to produce the best results as far as U.S. interests are concerned.

We have come to these conclusions after three major multilateral attempts to provide a uniform system of protection for international investment. Each resulted in failure. In 1929, an international conference met at Geneva under League of Nations auspices to consider a carefully prepared draft convention on the treatment of foreigners and foreign enterprises. Because of the reservations each country felt obliged to attach, the effectiveness of the proposed convention was so reduced that the project was abandoned. A second attempt was the section on economic development in the abortive ITO Charter, which, in order to accommodate the varying views of participating countries, equivocated on certain fundamental principles, including the standard of compensation in case of the expropriation of property.

Differences between legal systems, between national policies, and differences as to economic interests created in each case insuperable obstacles to the establishment of uniform principles applicable to each of the many countries concerned. Experience over the past few years in the U.N. with resolutions designed to encourage private investment, which have stimulated strong reactions against any forthright declaration of principle, further indicate the futility of multilateral efforts under present conditions.[13]

Mr. Chairman, subsequent to Mr. Kalijarvi's testimony, my friend and distinguished colleague, the gentleman from Alabama [Mr. SELDEN], made an observation which is applicable to the problem we face today. He said—and I quote:

I am getting increased demands each day from my constituents for reduction in the largest peacetime budget in this country's history. They have emphasized particularly our foreign-aid program.

I hesitate to vote against any appropriation of American dollars that I am told must, in our own interest, be sent to foreign nations in order to promote the economic and political stability of those countries.

Yet, I am certain that if we could induce more investments abroad that we could then safely cut some of our foreign aid programs. I am rather surprised and alarmed that the State Department would oppose the establishment of a commission created for the primary purpose of studying the problems and recommending measures for the security of American foreign investments. I regret that the State Department assumes the position that their aproach is the only approach that should be made. By its testimony, the Department of State would close the door to inquiries concerning the protection of our own investments that would require the Department to act in concert with Members of Congress as well as with representatives outside the Government. I regret that a position of such self-sufficiency is taken by our Department of State." [13]

Mr. Chairman, the Congress has repeatedly stressed the role of private enterprise and investment in furthering the foreign policy objectives of this Government. The language included by the 79th Congress and signed into law by President Truman reaffirmed the role of the private sector in furthering economic development. The Randall Commission in its review of our foreign economic policy objectives once again reiterated this position.

President Eisenhower knew the limitations of government to government programs. He realized that they could provide stimulus if the other factors necessary for private investment were present. So as to secure a better understanding on the part of our own citizens of the role of private enterprise in furthering our economic objectives, President Eisenhower asked a group of distinguished citizens to serve on a panel of advisers on the mutual security program. They were directed to study the impediments that stood in the way of additional private investment that would

[10] Protection of Private Investments Overseas, hearings before the ad hoc subcommittee of the Committee on Foreign Affairs, House of Representatives, 85th Cong., 1st sess., H.J. Res. 160, Feb. 28, 1957, pp. 4–5.

[11] Ibid., pp. 5–6.

[12] Ibid., p. 14.

[13] Ibid., p. 28.

stimulate a larger flow of American capital overseas. Its chairman was the late Mr. Benjamin Fairless. Its report was presented on March 1, 1957, and I here include an excerpt from it:

The importance of private capital: Foreign investment of private capital is far more desirable than investment by Government; and during the past fiscal year it appears that there was approximately $3.7 billion of new, private U.S. investment abroad. Such investments provide much more than capital to the cause of economic development, for they carry with them the initiative, the managerial skill, and the technical aptitude which have proven of great worth to the American economy.

Moreover, private capital does not constitute a drain on the taxpayer. Indeed, to the extent that private capital can proceed, the burden on the American taxpayer can be reduced without impairment of that economic development of the free world which is so essential to the realization of American aspirations.

Beyond that, private American capital can join more easily with private capital in other countries than can Government investment.

We believe, therefore, that the U.S. Government should increase its efforts to make known, both at home and abroad, the productive contribtuions and possibilities of private capital. This can and should be done by our diplomatic missions and by friendships and commerce treaties. In our opinion, this effort has not been pursued thus far, with the vigor that the obvious benefits of such an undertaking would justify.

We also believe that the Government should move promptly to increase the incentives for private investments abroad by providing more equitable taxation of foreign business income.

In the aggregate, the role of foreign government is far larger than ours in determining the climate for private investment abroad; and this is a fact which should be continually emphasized. But shortcomings abroad are no excuse for failure on our part to remove the obstacles for which we are responsible.[14]

Regardless of every other consideration, private capital cannot flow freely to countries that refuse to respect the property rights of their own citizens and of foreign investors. The programs we have undertaken for foreign assistance represent gigantic expenditures which in relation to our present budgetary deficit and the level of our national debt must be approached with great deliberation. If we impose burdens on our citizens to support continued foreign assistance Government programs, we must insure that they have a reasonable chance to succeed. Considering the various programs which further foreign assistance in one way or another during the past 3 fiscal years, the Congress has made more than $27 billion available to the administration. The results of these expenditures in the underdeveloped areas have not been encouraging. The time has come when we will secure greater respect and cooperation in achieving our objectives by firmness in rejecting policies imposed abroad that result in the confiscation of billions of dollars in the assets of our citizens. A firm and resolute position to the effect that foreign assistance is undertaken on a mutual basis by the United States and the recipient country to provide a climate favorable for foreign investment as well as the mobilization of indigenous savings must be embodied in legislation by the Congress. Needless to say, this requires a complete suspension of foreign assistance without any Presidential discretion to those countries who squander our taxpayers' money and destroy the savings of our investors.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. This amendment does more than establish a condition precedent. The adoption of this amendment would be a condition subsequent to an event already happening in Brazil. No matter how we view it, a condition precedent or otherwise, I think included in it is an automatic cutoff. I think we are in a delicate situation such as this. I think we should be guided more by the unanimous feeling of the committee who really put in a considerable amount of time and discussion on this amendment as it appears in the bill.

Mr. CONTE. I thank the gentleman. I am sorry I must disagree with him, because if this becomes law, it will be a document for all the recipient nations to see that aid will be cut off to any country after a 6-month period if it has confiscated American property without just compensation.

Furthermore, in answer to the argument of a member of the committee in regard to Brazil, it may be a person in a lower echelon of government who takes that property, such as the I.T. & T. But in that particular case the person governing the Province was also the brother-in-law of the President of Brazil, and if this were law today, the President could tell his brother-in-law to give the property back to the I.T. & T. or expect to see the end of our aid.

Mr. Chairman, I hope the amendment carries.

Mr. ROOSEVELT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to ask the author of the amendment if it is true that the last part of this paragraph 1, line 22 is left in; is that correct, "and such compensation shall continue" and so forth?

Mr. ADAIR. I will say to the gentleman, if he will yield, that that is correct.

Mr. ROOSEVELT. Then, may I ask him who the "he" that is left in refers to? Who is "he"?

Mr. ADAIR. The President.

Mr. ROOSEVELT. You have not referred to the President. There is no way to go back to the President.

Mr. MEADER. Mr. Chairman, if the gentleman will yield, look at line 25 on the previous page, where it starts.

Mr. ADAIR. Line 25.

Mr. ROOSEVELT. Your interpretation, then, is, which I want to make clear, that this still allows the President to lift the suspension if he is satisfied that appropriate steps are being taken?

Mr. ADAIR. That is my interpretation.

Mr. ROOSEVELT. I thank the gentleman.

Mr. HAYS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to have the attention of the author of the amendment. I think the last colloquy here gets to the heart of the matter, and I think it ought to be crystal clear before anybody votes on it, that as long as any negotiation is going on, there is no mandatory cutoff involved; is that right?

Mr. ADAIR. That is my interpretation.

Mr. HAYS. And when the country which has expropriated refuses to negotiate for 6 months, then the mandatory cutoff prevails; is that correct?

Mr. ADAIR. That is right.

Mr. HAYS. In other words, as long as they are willing to show any kind of good faith whatsoever, they are not barred from foreign aid and the hands of the President are not tied at all.

Mr. ADAIR. The gentleman is correct.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. I would like to know where in the amendment this point is brought out, because it is not contained in the amendment. It may be the intent.

It is not as objectionable as we view it as the language contained in the amendment.

Mr. HAYS. As I read the amendment, it is implied and implicit in the amendment that the cutoff only occurs after they refuse to negotiate for 6 months. The author of the amendment says that is what it means, and that is legislative history.

Mr. GALLAGHER. I think the gentleman is serving a worthwhile purpose in making legislative history, but I do not agree with the gentleman's statement.

Mr. HAYS. There are a lot of things in this bill that you have read back and refer back to. How many times have we debated in the committee exactly what something means? I am convinced the author of the amendment says what it means, and that is good enough for me.

Mr. Chairman, I did not intend to make a speech, but I wanted to get this clear. In view of the legislative history that has been made, if you vote this amendment down now it will amount to an open invitation to every nation in the world where there is any American investment, not to expropriate, because that word is used kind of loosely around here—expropriate means to take property and pay for it. What these countries are doing in smaller words and more emphatic language and in American English, they are stealing it. There is no expropriation involved in that.

Mr. Chairman, I do not want to tie the hands of the President. If I thought this would do so, I would be on my feet opposing the amendment. I feel as the gentleman feels, that he should have

[14] Ibid., pp. 77–78.

some power to negotiate. But I think this would strengthen his hand, because he could say "Look, if you people are not going to sit down and talk about this, I have no other alternative." If that will not bring them to the table, what would?

Mr. Chairman, what is the story in Latin America? I want to get this point clear: They tell us that our foreign aid in the Alliance for Progress program will only make up 2 percent of what needs to be done, that they have to have the other 98 percent from private capital. If we allow these nations to take American property, how much private capital are you going to get to go down to Latin America? I think the interest of the United States calls for us to say in unmistakable language "You cannot do this and get away with it."

Mr. PILLION. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from New York.

Mr. PILLION. Mr. Chairman, I would like to say as I have listened to this debate that the term "expropriate" or the term "appropriate" or the term "conversion" or the term "embezzlement" with reference to the taking of this property is not the right word to use. The word should be "grand larceny." I agree with the gentleman from Ohio.

Mr. HAYS. Well, I can use a surer word than that. It is "stealing." That is what it amounts to. When property is expropriated, I say again, you take property belonging to a foreign investor and you pay the owner for it. That is what the word means. It does not mean take it and say "that is too bad, boys; forget about it." In effect, that is what you are inviting these countries to do, if you do not write some tough language into this bill.

Mr. O'HARA of Illinois. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it would be most unfortunate if the Committee voted on this amendment, basing its action upon the statement made by my beloved friend, the gentleman from Ohio. He said that under this amendment if any government within 6 months showed a disposition to make a settlement, that is all it had to do. Now, let me read from the bill, "and such country fails within a reasonable time"—and that is limited, not more than 6 months—"to take appropriate steps to discharge its obligations toward such citizen or entity, including equitable and speedy compensation for such property in convertible foreign exchange," and so forth; it is not quite as presented to this committee by my friend from Ohio.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. Yes, I yield to the gentleman. I am happy to yield to one whom I both respect and like.

Mr. HAYS. What does the gentleman think "appropriate steps" are?

Is the gentleman saying that if they sit down to the negotiating table, those are not appropriate steps?

Mr. O'HARA of Illinois. Mr. dear friend, it is not what you think or what I think; it is what the words themselves say. Let me read the words again.

Mr. HAYS. The words are "appropriate steps."

Mr. O'HARA of Illinois. If my dear friend will only listen to the words.

Mr. HAYS. Speak louder; I can hardly hear you.

Mr. O'HARA of Illinois. Well, I am willing to have a shouting contest here or elsewhere, if that would result in any benefit to our country, which I doubt. What my friend quotes are the two words "appropriate steps," I will quote the words that follow: "to discharge its obligation toward such citizen or entity, including equitable and speedy compensation."

That does not mean that if I owe a man a $5 bill and I go to him and say, "My dear friend, I owe you $5 and I am going to pay it back sometime," and he says, "When are you going to pay it back?" and I say, "Well I don't know how long, we'll negotiate." That would not satisfy him if we were armed with papers requiring "speedy compensation." This language makes it crystal clear that there shall be speedy compensation, and without the provision granting power to the President there is no flexibility permitting that settlement to be delayed a single day past what the word says, "speedy."

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. I yield.

Mr. HAYS. I cannot stand here and define "speedy compensation"; but I remember of Supreme Court decision that said, "With all deliberate speed." And that was 10 years ago. So I would assume speedy compensation could drag on for a long time.

Mr. O'HARA of Illinois. I do not know that the creditor is always going to give the debtor all the time he wants when he has back of him a law that says speedy compensation. He is going to make the law work for him. Negotiation on repayment of a loan has never in law or common sense been synonymous with speedy compensation.

Mr. FARBSTEIN. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, this is serious business. I do not think, when confusion reigns as it appears at this moment, that we should seek to legislate on the floor. The committee has considered this language. This is not a black or white field. It seems to be a gray field. There seems to be uncertainty as to the language. There seems to be uncertainty as to the definition of the language. I implore you, please do not run away with yourselves because of the emotion of the moment.

There is a little autonomous state in India that went Communist one year. The name of that state was Kerala. What happens if that state expropriates American property and makes no compensation therefor? Are you going to deny India aid simply because of the confusion in that little state where they were unable to get together to determine how and in what manner compensation should be paid, if at all I repeat, please ladies and gentlemen do not run away with yourselves. This is very serious. I ask you to allow the committee to determine what is right under the circumstances and turn this amendment down.

Mr. BECKER. Mr. Chairman, will the gentleman yield?

Mr. FARBSTEIN. I yield.

Mr. BECKER. I would like the gentleman to answer this question. Is he telling the House that we are here only to accept the committee recommendation, that we have no right to amend a piece of legislation?

Mr. FARBSTEIN. That is not so; I did not say that, I said there seemed to be confusion as to the meaning of the phrases; there seemed to be uncertainty as to the sentences and their significance. I do not think, because of the fact that this is such serious business, that we should attempt to legislate on the floor after the committee spent days and weeks to determine the proper language.

Mr. BECKER. There is no confusion in my mind, I will say to the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ADAIR].

The question was taken; and on a division (demanded by Mr. MORGAN) there were—ayes 153, noes 120.

So the amendment was agreed to.

Mr. MORGAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 11921) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, had come to no resolution thereon.

ATHLETIC PROFESSIONALISM IN OUR SERVICE ACADEMIES

(Mr. STRATTON asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and include extraneous matter.)

Mr. STRATTON. Mr. Speaker, there has recently been some discussion in the other body of practices followed by our three service academies in recruiting athletic personnel. The suggestion has been made that these practices are somewhat irregular.

Mr. Speaker, whatever may be said for other colleges and universities, I feel that athletic professionalism, recruiting midshipmen or cadets, not for their interest in the service but solely because of their athletic ability, has no proper place in any service academy. This is doubly so when, as it turns out, the procedures for admitting many of these athletes turn out to be quite different from those which the rest of the Nation's candidates for West Point, Annapolis, and the Air Force Academy are required to follow.

The measure would enact into law a recommendation made by President Kennedy on May 29, 1962. The President's recommendation, in turn, was based on the unanimous report of the Bipartisan Commission on Campaign Costs. The Commission's proposals have been approved by former Presidents Eisenhower and Truman and by former candidates Thomas E. Dewey, Adlai E. Stevenson, and Richard M. Nixon.

In the Presidential Transition Act of 1962 we are acting vigorously to overcome the confusions and uncertainties which have at times accompanied changes in administration. Our worldwide Communist adversaries are always ready to act at any moment of weakness in our governmental organization. The periods just before and after the inauguration of a new President, when new appointments to policy positions are being lined up and old officials are marking time and when new officials are busy learning their new responsibilities and absorbing background information, can be such moments of weakness.

The Presidential Transition Act will provide the President and Vice President elect with the offices, funds, personnel, and services to prepare to act immediately upon taking office. As the old administration leaves, the new one will fit right in, ready to carry out its duties and meet emergencies without dangerous delays.

The President and the Bipartisan Commission on Campaign Costs are to be complimented on pinpointing this area of danger.

We should certainly eliminate it.

FOREIGN AID PROGRAM

(Mr. ASHLEY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ASHLEY. Mr. Speaker, I can understand the frustration which many Members of this body have expressed with respect to our foreign aid program and particularly with respect to assistance to Poland and Yugoslavia. I think, however, that they manifest their frustration in a mistaken and highly dangerous way.

It is a matter of deep distress to all Americans that the peoples of Poland, Czechoslovakia, Hungary, Yugoslavia, and other central European nations are ruled by Communist regimes. In a sense it is a matter of national conscience. If we had the knowledge 20 years ago that we have gained during the last two decades, there is reason to believe that the fate of these peoples might be different.

So it is understandable that we should feel frustration. What we want for the peoples of these countries is freedom—right now. But this is not the way of history. The loss of liberty can take place in a few moments; to gain it back takes longer.

One of the important questions before us today is whether it is in the best interests of the peoples of Poland and Yugoslavia—and ourselves—to prohibit any form of assistance to countries known to be dominated by communism or marxism.

The President of the United States, who alone has the constitutional authority to conduct our foreign affairs, has declared that such a prohibition is not in the best interests of the United States. Nor does this represent a departure from the policy of former Presidents Eisenhower and Truman. Even today they are unanimous in the view that a reversal of U.S. policy would sharply reduce any freedom of choice on the part of Poland and Yugoslavia and force them in the direction of closer ties with Moscow.

Secretary of State Rusk put it succinctly when he said:

> We are convinced that the present policy, supported by three administrations and fully tested by time and events, is effective and in the interests of this country.

Secretary Rusk's predecessor, Mr. Christian Herter, put it perhaps even more forcefully. He said:

> A policy of abandonment toward key areas of Eastern Europe would seem to me to be the ultimate in the "no win" policy we here discuss these days. Its logical outcome would seem to be either surrender or military conflict. Certainly we cannot "win" a competition in which we refuse to participate.

I completely concur with this position and agree that the central question is whether the President is to have available to him the authority to extend or not extend assistance at times and places where the available evidence indicates that our action would promote our own national security interests.

The longer I am in Congress, Mr. Speaker, the more convinced I become of the wisdom of the drafters of the Constitution in vesting sole authority for the conduct of our foreign affairs with the President of the United States.

Evidence that the Congress is competent to actively interject itself in this area in a responsible fashion is almost completely lacking, and I say this both from a historical point of view as well as from my experience of 8 years in this body.

LUMBER TARIFF

(Mr. CLEM MILLER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. CLEM MILLER. Mr. Speaker, I am this day introducing a bill which will permit the use of our lumber tariff revenues to extend research for new uses of wood, a like measure to that introduced in the other body by the senior Senator from Washington [Mr. MAGNUSON].

There are those who argue the lumber industry is in most serious trouble. There is no doubt that our industry is under pressure. There is no doubt about great changes in the industry that are underway. Saw timber, dimension lumber, is the subject of a changing market. Plywood means something different today than it meant only a few years ago. Particle board, and the alleged waste called sawdust have established entirely new horizons.

Since timber is a renewable resource, since we have barely scratched the surface in applied research on greater yields, and hardly at all, on the botanical possibilities of hybridization, all of this means that the long-range future of wood and wood products is one of great promise.

There is no reason why we cannot create a marketable tree of less than 20 years old, for example. There is no reason why we cannot make a particle beam as strong as any structural material presently on the market. Indeed, much of this great progress is already with us.

With this renewable resource, with chemistry, engineering and botanical investigation, the woodworking industry will continue as a cornerstone of our productive capacity.

We must adapt to these new conditions. We will do so.

The first industry will accommodate to these changes. It will do its part in research and marketing. The U.S. Government through the Forest Service, will be working on applied research which will make better management of our forests possible. We also, all of us, realize that basic research must be undertaken that will advance the industry. Most will agree that this is primarily the responsibility of the Federal Government. Private industry, locked in an intensely competitive struggle, has no resources for the attack on basic research which could, at any time, result in a revolution within the industry itself.

It is the purpose of this bill to supply the sinews for this research, to supply the answers to our marketing problems. I hope we may get speedy attention to this legislation.

CORRECTION OF ROLLCALL

Mr. NEDZI. Mr. Speaker, on rollcall No. 149 I am recorded as being absent. I was present and answered to my name. I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

UNITED NATIONS MUST BE PRESERVED

(Mr. RYAN of New York asked and was given permission to address the House for 1 minute.)

(Mr. RYAN asked and was given permission to revise and extend his remarks.)

Mr. RYAN of New York. Mr. Speaker, I rise to express shock and incredulity that the amendment offered by the gentleman from Iowa [Mr. GROSS] was adopted by a division vote, and then by a teller vote. Unless we reverse this vote and defeat this amendment on a rollcall, the House will have written the first page of the obituary notice for the United Nations.

I think it demonstrates the folly of writing foreign policy on the floor of the House. Under our Constitution, foreign policy is the responsibility of the President. It is his prerogative, and here we have Members of the House saying that the United Nations shall not be supported. I think there was a great deal of emotion at the time of that vote. I do not believe it was realized that there

were far-reaching implications in the amendment which says, and the language of the amendment is very clear, that, except for the United States assessed share of U.N. expenses, there shall be no loans and no grants to the United Nations and no purchase of United Nations bonds under this bill, or any other law, unless all members of the United Nations have paid in full their share of United Nations expenses, including operations in the Congo and the Gaza strip.

The effect of this amendment would be to cripple the United Nations and place in the hands of other countries, even hostile governments, the ultimate decision as to whether or not the United Nations goes forward. The Soviet Union lost out in the Congo. It opposed the U.N. operations in the Congo, and it refused to pay its share. Does this mean that we should not continue this operation? Does this mean we should place in the hands of the Soviet Union the power to say that the people of the United States shall not contribute to the United Nations? That is the effect of the amendment. All the Soviet Union, or any other U.N. member, need do is to refuse, or to continue to refuse, to pay its share of special assessments, and the United States would be barred under this amendment from giving financial support to the U.N.

Mr. Speaker, I voted against this blow to the United Nations because I believe that our security and world peace depend upon the success of the United Nations—man's greatest experiment in international relations. I urge the House to defeat this unwise amendment before the vote on final passage of the Foreign Assistance Act of 1962.

(Mr. YATES asked and was given permission to address the House for 1 minute.)

Mr. YATES. Mr. Speaker, I just want to tell the gentleman from New York [Mr. RYAN] that I agree with his statement. I think he is absolutely right. I think the amendment cannot stand, if we are to continue as a member of the United Nations.

Mr. ASHLEY. Mr. Speaker, I want to associate myself very emphatically with the statements of the gentleman from New York. I do not think there can be any better demonstration of the ineptness of the Congress in the area of foreign affairs than the demonstration which has just taken place here on the floor of the House this afternoon.

FISCAL RESPONSIBILITY AND THE UNITED NATIONS

(Mr. GROSS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GROSS. Mr. Speaker, the amendment which I offered and which was adopted this afternoon returned just a small bit of fiscal sanity to the operation of the Federal Government regardless of what anyone may say. It will not circumscribe the United Nations if those members who have been dragging their feet come in and pay the bills they agreed to pay when they became members of the organization. Let them conform to the Charter of the United Nations. Let them discharge their obligations and their responsibilities to the United Nations. That is all the amendment provides for. It tells the "deadbeats" this Nation is sick and tired of paying their legitimate bills.

Mr. YATES. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. YATES. What happens under the gentleman's amendment if the Soviet Union refuses to pay its indebtedness?

Mr. GROSS. What happens with or without the amendment if the Soviet Union refuses to pay? The Soviet Union, being a member of the Security Council, has permanent membership in the United Nations and the veto and you cannot get them out whether they pay a dime to any fund.

Mr. YATES. Mr. Speaker, will the gentleman yield further?

Mr. GROSS. No, I have said enough at this time. The gentleman, of course, can speak on his own time.

CORRECTION OF ROLLCALL

Mrs. WEIS. Mr. Speaker, on rollcall No. 147 on July 9, I am recorded as not having answered to my name. I was present and answered to my name and ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

STABBED IN THE BACK ON THE FOURTH OF JULY

(Mr. UTT (at the request of Mr. DEVINE) was given permission to extend his remarks at this point in the RECORD and include extraneous matter.)

Mr. UTT. Mr. Speaker, "Stabbed in the Back on the Fourth of July." That should have been the headline in every American newspaper on the evening of the 4th and the morning of the 5th, but it was not. Why? The people must be numb, naive, or confused by what the President said in his speech at Independence Hall.

I was enjoying on TV what I thought was a great, powerful, and patriotic speech by the President, being delivered in the birthplace of American liberty, when, without warning, I felt the cold steel shaft plunged into the heart of this Republic.

So skillfully was this done, that the patient scarcely felt it. For 15 minutes, the President spoke of the greatness of our Founding Fathers, the Declaration of Independence, the Constitution, the economic system, and the spiritual faith that have made America great.

One hundred and eighty-six years of freedom, liberty, and independence, and now, he said, we are ready for "interdependence."

In one brief minute, he turned his back on independence and turned the American clock back 186 years. Interdependence is one step away from abject slavery, both in the rise and fall of every civilization. Is that what America wants? Political ties with Europe? We fought the Revolutionary War to break these bonds asunder. Is President Kennedy saying that America must be interdependent to survive? Is he saying that our economic structure has become so weakened since he took office that we must depend upon England, Germany, and Japan to bail us out? Forbid it, Almighty God. The chains of slavery, though cast of solid gold, are not the heritage that I want to leave to my children and my children's children.

What a coincidence. On July 5 comes the announcement from Tokyo that the Kennedy administration is urging Japanese firms to come to America and set up shop to help our balance-of-payments deficit. A Japanese spokesman said he was amazed that America was calling upon Japan to help stabilize and expand American economy.

There is no shortage of capital here for industrial expansion if the Government will create a climate for it and regain business confidence.

As I listened to our President turn his back on American independence, my heart saddened, and I recalled the words of Sir Walter Scott, penned over a century ago:

Breathes there the man, with soul so dead,
Who never to himself hath said,
This is my own, my native land!
Whose heart hath ne'er within him burn'd
As home his footsteps he hath turn'd
From wandering on a foreign strand!
If such there breathe, go, mark him well;
For him no Minstrel raptures swell;
High though his titles, proud his name,
Boundless his wealth as wish can claim;
Despite those titles, power, and pelf,
the wretche, concentred all in self,
Living, shall forfeit fair renown,
And, doubly dying, shall go down
To the vile dust, from whence he sprung,
Unwept, unhonour'd, and unsung.

I call your attention to an editorial from the Rockford Register-Republic of Rockford, Ill., July 5, 1962, entitled, "Road to Destruction," which amplifies the deep concern over the President's Fourth of July speech.

ROAD TO DESTRUCTION

Unless Congress puts a halter on him, President John F. Kennedy will commit the lives, the fortunes, and the sacred honor of the citizens of the United States to formation of a world government in which we will be outnumbered, outgunned, and outvoted.

Mr. Kennedy made his intentions clear in a July 4 speech at—of all places—Independence Hall. On the site where American patriots shucked off Europe's chains, the President made crystal clear his willingness to trade American independence for what he called interdependence. He suggested an alliance with the presently forming European Economic Community made up of six European nations.

But he went further than that.

The new United States-European alliance would "look outward to cooperation with all nations in meeting their common concerns," he said. Mr. Kennedy committed this country to helping the "developing nations to throw off the yoke of poverty" and to "lifting the weight from the shoulders of all."

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For information only; should not be quoted or cited)

Issued July 13, 1962
For actions of July 12, 1962
87th-2d, No. 118

CONTENTS

Appropriations.....9,34
Area redevelopment.....28
Budgeting.....9
Contracts.....29
Cotton.....8
Dairy.....20
Economics.....35
Education.....24
Electrification...5,23,32
Farm program.....1,7,26
Foreign affairs.....16
Foreign agriculture..14,25
Foreign aid.....2,22
Foreign trade.....21
Forestry.....19
Holiday.....31
Honeybees.....7
Intergovernmental relations.....17
Land-grant colleges..15,24
Lands.....11
Legislative program.....7
Lobbying.....16
Medical care.....12
Migratory labor.....10
Milk marketing.....20
Monopolies.....18
Patents.....30
Personnel.....33
Public Law 480.....2
Public welfare.....12
Reclamation.....27
Retirement.....33
Small business.....4
Stockpile.....8
Sugar.....7,16
Taxation.....13
Water resources.....6
Wheat referendum.....3

HIGHLIGHTS: House committee reported farm bill. House passed measure to extend wheat referendum to August 31, 1962. Senate committee reported bill for disposal of stocks of extra long staple cotton. House passed foreign aid authorization bill

HOUSE

1. FARM PROGRAM. The Agriculture Committee reported with amendment H. R. 12391, the new farm bill (H. Rept. 1976). p. 12559

2. FOREIGN AID. Passed with amendment S. 2996, the foreign aid authorization bill, after substituting the language of a similar bill, H. R. 11921. (H. R. 11921 had been passed earlier in the day with amendments by a vote of 250 to 164. (pp. 12486-541) Conferees were appointed (p. 12541).

Agreed to the following amendments:

By Rep. Casey, by a vote of 277 to 4, as amended by an amendment by Rep. Morgan, to give the President discretionary authority to furnish assistance to communist countries when he finds it to be in the national interest. pp. 12486-512

By Rep. Hardy, to provide that the President shall establish procedures to insure that foreign aid is not used to promote projects and activities of the Communist-bloc countries. p. 12512

By Rep. Rogers, to provide that no assistance shall be furnished to the present Government of Cuba, or to any country which furnishes assistance to that Government, unless the President finds it to be in the national interest. pp. 12514-5

Rejected the following amendments:

By Rep. Barry, to provide that surplus commodities sold to foreign countries under Public Law 480 shall be sold at rates of exchange not less favorable than the highest rates legally obtainable from the governments of the purchasing countries. pp. 12527-8

By Rep. Fino, to provide that no assistance shall be provided under this bill or under Public Law 480 to any country which does not share the view of the U. S. on the world crisis. pp. 12515-6

3. WHEAT REFERENDUM. Passed without amendment H. J. Res. 809, to provide that the referendum with respect to the national marketing quota for wheat for the marketing year beginning July 1, 1963, may be conducted not later than August 31, 1962 (p. 12544). This measure had been reported without amendment earlier in the day by the Agriculture Committee (H. Rept. 1975)(p. 12559).

4. SMALL BUSINESS. Received the conference report on S. 2970, to increase the revolving fund of the Small Business Administration (H. Rept. 1974). pp. 12541-[illegible]

5. ELECTRIFICATION. Rep. May urged approval of proposed legislation to authorize construction of electric generating facilities at the new production reactor at Hanford, Wash. pp. 12552-3

6. WATER RESOURCES. Received from the Department of the Army several reports of the Corps of Engineers on rivers and harbors and flood control projects. p. 12559

7. LEGISLATIVE PROGRAM. Rep. Albert announced the following program: Fri.: H. R. 8050, importation of honeybees and allocation of sugar quotas to Western Hemisphere countries; Mon.: the new farm bill, if a rule is granted. p. 12544

SENATE

8. COTTON. The Agriculture and Forestry Committee reported without amendment H. R. 10595, to facilitate the sale and disposal of Government stocks of extra long staple cotton (S. Rept. 1724) (p. 12396). See Digest No. 80 for provisions of this bill.

9. BUDGETING; APPROPRIATIONS. Sen. Dirksen commended and inserted a letter from Sen. Robertson to the Speaker of the House urging House action on S. 529, a bill to create a joint committee on the budget, which contains a provision that such a joint committee would select its own chairman, and that the chairmanship would rotate between the House and the Senate, with the chairmanship going to the House of Representatives in the even-numbered years and to the Senate in the odd-numbered years. This bill passed the Senate in the 1st session of the current Congress and is now pending in the House Rules Committee. pp. 12413-4

10. MIGRATORY LABOR. Agreed to without amendment S. Res. 360, increasing from $50,000 to $70,000 the funds for investigation of migratory labor. p. 12480

11. LANDS. The Interior and Insular Affairs Committee reported with amendment S. 1161, to provide for the use of lands in the Garrison Dam project by the Three Affiliated Tribes of the Fort Berthold Reservation (S. Rept. 1723). p. 12396

House of Representatives

THURSDAY, JULY 12, 1962

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Amos 5: 24: *Let judgment run down as waters, and righteousness as a mighty stream.*

O Thou whom we worship and adore as the Supreme Being and Sovereign Ruler of the Universe, give us this day a clear and luminous vision of Thy divine purposes and power.

We beseech Thee to temper our minds with a finer essence of faith and fidelity, of comradeship and cooperation, as we seek to do what Thou dost will and command.

Help us to see that there is no way out of the world's misery and confusion than the way of the Prince of Peace whom Thou didst send to make us mindful of Thy love and the worth and dignity of man.

Inspire us to covet for the children and youth of our land a desire to cultivate their spiritual nature and aspire to contribute to the integrity and greatness of our beloved country.

In Christ's name we offer our prayer. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 11737. An act to authorize appropriations to the National Aeronautics and Space Administration for research, development, and operation; construction of facilities; and for other purposes.

The message also announced that the Senate insists upon its amendment to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. KERR, Mr. RUSSELL, Mr. MAGNUSON, Mr. WILEY, and Mrs. SMITH of Maine to be the conferees on the part of the Senate.

EASTERN AIR LINES JURISDICTIONAL STRIKE

(Mr. JONAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JONAS. Mr. Speaker, Eastern Air Lines has now been closed down since June 23 by a jurisdictional strike between two rival unions.

This strike, which does not involve a dispute between the company and employees over wages or working conditions, has cost the jobs of 18,000 employees with a daily loss in pay of $367,000, and is costing the company $1 million a day in loss of revenue. It is costing the Municipal Airport in Charlotte, N.C., about $3,000 a week in loss of landing fees and rents and has grounded more than 60 daily flights in and out of this one city alone. It is causing hardship to the public by disrupting air service in the many communities served by Eastern Air Lines.

It is intolerable that such a strike should be permitted to continue. The public interest should be considered and must be paramount over the claims of two rival unions.

As the guardian of the public interest, it is time for Congress to take a hand in this situation. Further delays increase the losses and compound the damages.

Congress is not powerless to act to protect innocent bystanders and safeguard the public interest. I urge the appropriate committees of Congress to take action forthwith and propose legislation designed to outlaw such jurisdictional strikes. I believe Congress should promptly enact legislation to accomplish this objective and am sure the country would applaud such action.

CORRECTION OF ROLLCALLS

Mr. TRIMBLE. Mr. Speaker, on rollcall No. 22 I am recorded as voting in the affirmative. I voted "nay." I ask unanimous consent that the permanent RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLER of New York. Mr. Speaker, on rollcall No. 151, on yesterday, July 11, I am recorded as being absent. I was present and answered to my name. I ask unanimous consent that the permanent RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

NO INVOLUNTARY SERVITUDE BY LAW, REGULATION, OR FIAT

(Mr. HALL asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. HALL. Mr. Speaker, I take this time to call the attention of our colleagues in the House to page 12176 of the RECORD, No. 116, volume 108 for Tuesday, July 10, 1962, where U.S. Senator BENNETT, of Utah, set forth in the other body an unusually clear, concise, and succinct analysis not only of the results of the many polls that were taken by 52 different Congressmen—thus far reported in the RECORD—but approached the problem of compulsory care of the aging under the social security tax, from the point of view of whether or not it should be included under social security at all; in other words, on the question of age rather than need. Also, he has pointed out the lack of due process if indeed this is attached to the Public Welfare Amendments of 1962 in the other body. Perhaps the only omission in this complete and updated compilation is that real need has never been proved, or that the entire study is a Federal problem in lieu of a local, or at most a problem of the several States.

Finally, Mr. Speaker, I would like to call attention to that fact that three different sovereign nations of the world have upheld the anti-involuntary servitude principle under their various constitutions, just as we have prescribed in the 13th amendment and our Constitution no involuntary servitude by law, regulation or fiat in this country. This includes personal services. I strongly urge the entire Congress to pensively ponder this last thought, and thoroughly review the Senator's erstwhile contribution. Why should we avoid due legislative process? Why should we rush this new approach and buy at considerable expense—a pig-in-a-poke? Why should we not give existing law, the Kerr-Mills bill of the 86th Congress, a real chance?

CALL OF THE HOUSE

Mr. O'HARA of Illinois. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 152]

Alford	Hoffman, Mich.	Rivers, S.C.
Bennett, Mich.	Holifield	Saund
Blitch	Horan	Smith, Miss.
Boykin	Kearns	Spence
Coad	Kowalski	Taber
Curtis, Mass.	McSween	Thompson, La.
Davis, Tenn.	Peterson	Ullman
Donohue	Pfost	Utt
Flood	Powell	
Frazier	Riley	

The SPEAKER. On this rollcall 407 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FOREIGN ASSISTANCE ACT OF 1962

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 11921) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 11921, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday the Clerk had read through section 301, ending on line 23, page 12, of the bill.

Are there further amendments to this section?

Mr. CASEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CASEY: On page 12, line 23, strike the quotation mark and immediately below line 23 insert the following:

"(f) No assistance shall be furnished under this Act, as amended, to any Communist country. This restriction may not be waived pursuant to any authority contained in this Act. For the purposes of this subsection, the phrase 'Communist country' shall include specifically, but not be limited to, the following countries:

"Peoples Republic of Albania,
"Peoples Republic of Bulgaria,
"Peoples Republic of China,
"Czechoslovak Socialist Republic,
"German Democratic Republic (East Germany),
"Estonia,
"Hungarian Peoples Republic,
"Latvia,
"Lithuania,
"North Korean Peoples Republic,
"North Vietnam,
"Outer Mongolia—Mongolian Peoples Republic,
"Polish Peoples Republic,
"Rumanian Peoples Republic,
"Tibet,
"Federal Peoples Republic of Yugoslavia,
"Cuba, and
"Union of Soviet Socialist Republics."

Mr. CASEY. Mr. Chairman and Members of the House, this is the same amendment which this House adopted last year on the foreign aid authorization bill. We saw last year how the Senate refused to adopt such an amendment. The conference committee took our amendment out and threw it down the drain. But this year we saw how the other body, acting first, adopted practically the same amendment. That was an indication to me that they have been hearing from people who are tired of their tax money going to the support of Communist dictators.

Mr. Chairman, the main issue here is aid to Yugoslavia, Poland, and the biggest culprit, in my opinion, is Yugoslavia. We have fattened Tito to the tune of $2,279 million in the last 15 years. Putting that in simple figures which I can understand, that represents about $415,000 a day for every day in the past 15 years.

Mr. Chairman, if we think the people of Yugoslavia know where this money is coming from, we have another think coming. This aid started 15 years ago. A man who is now 25 years old in Yugoslavia was 10 years old at that time, at the time it was started. He looks to the great Tito for all of these blessings that have been bestowed upon him. What have we received for it? Yugoslavia continues to issue joint statements with Russia about how their aims and their policies are identical and the same. They vote against us consistently on all major issues in the United Nations.

Mr. Chairman, those who want to continue this aid, what are they afraid of? The gentleman from Ohio [Mr. HAYS] yesterday said the democracies will survive if they are tough enough. Of what are we afraid? Are we afraid they will issue these statements more frequently? Are we afraid that they will not take as much of our free money as they have had in the past?

They had a May Day parade just a few days ago and there were 20 Russian tanks in that parade. Does that show that they are getting away from the Soviet bloc, if they were ever out of it?

We are talking here about stopping giving the taxpayers' money to a Communist country that is dedicated to the defeat of our way of life. Our taxpayers are sick and tired of our Government's withholding money from their paychecks and sending it over there. There are 18½ million people in Yugoslavia, just about twice the number there are in the State of Texas. We have been throwing money away, sending it over there, building them up so that Yugoslavia can compete with us; steel mills, chemical plants that are going to compete with the very workers whose money they are using to build them. I think it is utterly ridiculous.

I am tired of hearing about flexibility. This thing has been so flexible that it has been wrapped around our neck. You talk about the prerogative of the executive department. I notice that the executive department lowered the taxes yesterday, I thought that taxes was our responsibility.

You hear the statement made, "Well, I am against giving aid to Yugoslavia, but I do not think that we ought to tie the Executive's hands." I think there comes a point where it is the responsibility of this House to say how the money is going to be spent. If you want to make this flexible, why not just make a lump-sum appropriation and say, "Spend it any way you want to."

In other sections of this bill you have taken the position of saying how the money is going to be spent and how it is going to be administered. And it is recognized by the other committees of this House; the distinguished chairman of the Committee on Ways and Means and his honorable members saw fit in the trade bill to make a clear finding that Yugoslavia is communistic and should not be favored. You had your Select Committee on Export Control that made a finding in their report, in spite of the strong testimony of Secretary Rusk, that Yugoslavia is not an independent Communist country; they have grave doubts about it, and feel that they have strong ties with Russia.

Mr. SISK. Mr. Chairman, will the gentleman yield?

Mr. CASEY. I yield.

Mr. SISK. I am a member of that committee and I would challenge the gentleman's statement. I know he wants to be accurate. I was there when Secretary Rusk made his statement, and it seems to me that the evidence is pretty clear that based on the information we have, Yugoslavia is not under Soviet domination.

The CHAIRMAN. The time of the gentleman from Texas [Mr. CASEY] has expired.

Mr. CASEY (at the request of Mr. HALEY) was given permission to proceed for 5 additional minutes.)

Mr. SISK. Mr. Chairman, will the gentleman yield further?

Mr. CASEY. Certainly.

Mr. SISK. Mr. Chairman, I do not feel it would be factual to state that our investigation shows that they are under the domination of the Soviet Union. The fact is rather that all the evidence which we were able to get would indicate that they are independent of the Soviet Union.

Mr. CASEY. Will the gentleman agree with me that my statement is correct that his committee's report states that there is doubt that they are completely free of the Communist bloc?

Mr. SISK. It is my understanding that our report indicates that there would be some doubt whether or not Yugoslavia in the event of war between the United States and the Union of Soviet Socialist Republics would take sides with us.

Mr. CASEY. There is some doubt of that; I think there is some good doubt of it.

Mr. SISK. It is not my understanding that the report indicates any specific doubt about their independence at the present time from the Soviet Union.

Mr. CASEY. Mr. Chairman, if the gentleman will look at his report again I think he will find that it cites the Russian tanks there as some basis for doubting that they are completely free of any domination by Russia. Now I will agree with the gentleman and concede that his committee finds that they are completely independent; I will even suggest that you take that position and have your committee take that position. But what is the difference between an independent Communist and one in the bloc? That is what I want to know.

Mr. HALEY. Mr. Chairman, will the gentleman yield?

Mr. CASEY. I yield to the gentleman from Florida.

Mr. HALEY. I do not think there is doubt in any person's mind as to where this armament we are sending to this country would stand in case of emergency. I do not think any Member of this Congress thinks it would be on our side. I think the gentleman's amendment here today points up just one question, and one question alone. I think

that the Congress should adopt the amendment, because I think that the Congress should adopt the amendment, because I think the American people are tired of sending their hard-earned taxpayers' dollars over to support Communists who have been dedicated and say they are dedicated to the destruction of this country. I think the amendment should be adopted.

Mr. CASEY. I thank the gentleman.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. CASEY. I yield to the gentleman from Washington.

Mr. PELLY. The select committee met last fall. Since then Tito has changed his policy and has warmed up to Moscow. I would like to associate myself with the gentleman. I fully support his amendment. I think conditions have changed considerably since the time the select committee made their report.

Mr. CASEY. I thank the gentleman.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. CASEY. I yield to the gentleman from Iowa.

Mr. GROSS. On the subject of doubt, the gentleman's amendment is designed to remove all doubt as to the position of those of us who are opposed to support of the Communists wherever they may be.

Mr. CASEY. That is exactly right. There seem to be some in the State Department who feel, in case of doubt go ahead and spend the taxpayers' money.

Mr. GROSS. I commend the gentleman's amendment and certainly will support it.

Mr. WAGGONNER. Mr. Chairman, will the gentleman yield?

Mr. CASEY. I yield to the gentleman from Louisiana.

Mr. WAGGONNER. I would like to commend the gentleman from Texas on his amendment. I am going to support it. I think the proponents of aid to the Communist-bloc nations are overlooking one of the fundamental laws of human nature. That is exactly this, and this is the thing we are attempting to do by giving foreign aid to the Communist nations; that is, an effort to buy friends. I cannot buy a friend as an individual, and neither can the United States buy friends at the international level. I will support the amendment.

Mr. PILLION. Mr. Chairman, will the gentleman yield?

Mr. CASEY. I yield to the gentleman from New York.

Mr. PILLION. Is there any question in the gentleman's mind that Yugoslavia and the Communist Party in control of Yugoslavia are part of the Marx-Lenin philosophy?

Mr. CASEY. There is no doubt in my mind. I think we are setting a horrible example to our neighbors to the south by continuing aid to Communists when we want them to set up a democratic form of government.

Mr. PILLION. There is no question in the mind of anyone in this country, is there, that the acknowledged leader of all of the Communist countries, including Yugoslavia, is the Soviet Union, and the acknowledged personal leader is Mr. Khrushchev? There is no question about that, is there?

Mr. CASEY. Not at all.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. ROGERS of Florida. Mr. Chairman, I ask unanimous consent that the gentleman from Texas may proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

Mr. MORGAN. Reserving the right to object, Mr. Chairman, I am not going to object, but I think any Member that uses 10 minutes has plenty of time to present his amendment. If there is any further extension of time over 10 minutes I will have to object.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield?

Mr. CASEY. I yield.

Mr. ROGERS of Florida. I support the gentleman in this amendment. I think the best reason that we can find to show that Yugoslavia is not independent is to look at its vote in the United Nations down the line in support of Russia. Secondly, if we will look throughout the world, we will find that when we stopped giving aid to Egypt on the Aswan Dam and Russia came in and started giving aid to Egypt, at the time when Russia gave its greatest aid to Egypt that was when Nasser turned on the Communist Party and has been berating communism ever since.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. CASEY. I want to make one statement and, if I still have the time, I will yield to the gentleman.

I want to state this. The opponents of this amendment say, well, we should just express a strong concern and give the Executive notice of the congressional intent. We gave notice last year when the House adopted this amendment and that notice was not heeded. Just look at the last year's gifts and grants to Yugoslavia alone and you will find they paid no attention to the congressional intent. I think it is time for us to nail it down.

I yield to my colleague, the gentleman from Pennsylvania.

Mr. FULTON. The gentleman started to touch the point I want to make. After all, President Kennedy is my President just as he is yours. I believe this amendment will be taken to be a vote of no confidence in the President's discretion. I feel the President should have the discretion on foreign policy because this House of 437 Members certainly cannot determine in advance what should be done to handle a particular situation involving the basic security of the United States.

Mr. CASEY. The Executive had that discretion for the past 16 years and look what they have done with it.

Mr. Chairman, I hope my amendment is adopted.

Mr. FEIGHAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FEIGHAN. Mr. Chairman, I have a substitute amendment. Is it proper for me to offer the amendment at this time?

The CHAIRMAN. The Chair will recognize the gentleman at the proper time.

Mr. MORGAN. Mr. Chairman, I offer an amendment to the amendment offered by the gentleman from Texas.

The Clerk read as follows:

Amendment offered by Mr. MORGAN to the amendment offered by Mr. CASEY: Strike out the period at the end of the second sentence and insert in lieu thereof the following: "unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international communism."

Mr. MORGAN. Mr. Chairman, of course, this is just an amendment to the Casey amendment.

The basic issue is not whether the House of Representatives or any individual Member of the House of Representatives is for or against communism. I do not believe there is any question on this point. I am sure every Member of the House of Representatives is a determined opponent of communism and wants to do everything that can be done to win the cold war.

Neither is the basic issue here a question of whether Tito is a Communist. I am ready to concede that Mr. Tito is a Communist.

The basic question is whether or not the Congress shall tie the President's hands so that he cannot pursue a particular course of action in cold war strategy under any circumstances. Is it proper or desirable for the Congress to block out the United States from the very important and vital battlefield of the cold war.

Under our Constitution, the conduct of our foreign policy is placed in the hands of the President and he is responsible for defending the security of the United States. I do not think the Congress should try to write cold war strategy into the law.

We cannot anticipate future developments among the European satellites. We do not know when a new leader may replace an old one or when an existing government may decide that it has a chance to free itself from the domination of Moscow.

If the United States is to do anything for the enslaved nations before the complete overthrow and disintegration of the Soviet dictatorship occurs, the President needs to have discretion to act with a free hand for maneuver.

The Congress has a right and an obligation to let the Executive know how it stands on major issues. If the Congress opposes giving aid to Yugoslavia and to Poland, it should say so. But the Congress should not go further and tie the hands of the President.

It is one thing to tell Mr. Tito what we think of him. It is another thing for the Congress to require a course of action which would cut off the contacts of Yugoslavia with the United States and with Western Europe and drive that country right back into the Soviet bloc.

I have talked with many, many Americans who have visited Yugoslavia. Just recently, I talked with a distinguished American and a businessman from my district who had made a trip into Yugoslavia.

After the action in the other body to cut off aid to the Yugoslav and wrote me a letter. He felt so strongly about this that he wrote several articles in our local newspaper, articles about the lack of freedom he had in the Soviet Union and the freedom he had enjoyed in Yugoslavia. He was able to travel in Yugoslavia, he was able to do whatever he wanted to do there, he was able to talk to the people. He wrote this series of articles on the freedom that he had observed and had enjoyed. And I am sure that many, many other distinguished Americans, as the distinguished gentleman from Pennsylvania [Mr. WALTER] yesterday stated in his remarks about his visit to Yugoslavia, have had similar experiences. In that country we have now a progressive younger leadership. I hope this House does not in any way attempt to tie the hands of the President.

The President is in a better position than the Congress to know what the real situation is in Yugoslavia and in Poland, and what action is most appropriate. President Truman, President Eisenhower, and President Kennedy have been in complete agreement that it was in the best interest of the United States to give aid to Yugoslavia.

The information available to the Executive from all sources indicates that Tito wants to retain his independence and that he does not want to submerge himself or his country within the Soviet bloc.

I urge as strongly as I possibly can that the Congress leave decisions of this nature to the President.

Mr. PILLION. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. PILLION. In October of 1960 the Communist Party throughout the world met in Moscow. One of the main resolutions adopted by the 84 or 85 Communist Parties, including Yugoslavia, was that the war to destroy the United States and the free world nations and institutions shall be renewed. The gentleman knows Yugoslavia was a signatory to that Moscow resolution.

Mr. MORGAN. I say that is no reason for tying the hands of the President.

I know that Yugoslavia did not attend the meeting of the 81 Communist Parties in December 1960, it did not participate in the 22d Party Congress and it is not a member of the Soviet-controlled Council for Economic Assistance.

Mr. PILLION. The gentleman admits that, does he not?

Mr. MORGAN. I certainly admit that, but that is no reason to tie the President's hands.

Mr. JUDD. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I do not think I need to take second place to anybody in this House in the matter of determined opposition to anything that would bring aid or comfort to Communist regimes anywhere in the world. I have opposed our aid to Yugoslavia from the beginning, with the one exception of food during the 1949–50 drought. As the gentlewoman from New York [Mrs. KELLY] so well knows, she and I have tried each year in committee to get the Executive to stop giving aid that will help strengthen any Communist dictatorship and its control over the people of the country.

I opposed the military assistance which brought Tito into power before the end of the war. I opposed UNRRA aid to Tito because he could and did use our relief supplies to eliminate opposition and to entrench his tyrannical regime in Yugoslavia. I felt that we should not help him after he got kicked out by Stalin. He had no place to go except to us. I argued that he ought to be required to give freedom to his people in return for our aid. I believe we might have had a democratic or non-Communist regime to deal with there today, instead of Tito.

My judgment has been and it is today that our aid to Yugoslavia has done more to stabilize Tito's control than it has helped the forces of freedom there. Certainly I agree that Tito would not be on our side in any war with the Soviet Union. But, Mr. Chairman, our objective is to prevent such a war. If we were to take a step that might force him back into the arms of the Kremlin, as some fear would happen, that would enhance the Kremlin's hopes of victory, encourage it to overreach itself, and increase the danger of the war we want to prevent.

This matter has been dealt with not only by this administration but by two previous ones as well. Under all three, strong statements have been made in Congress that it was not wise to give such aid. Yet all three Presidents—Truman, Eisenhower, and Kennedy—have felt that based on the information they had and the total picture that was available to them, it was better for the interests and security of our country to ignore our views and give various types and amounts of aid to Yugoslavia. But it is not true to say that the administrations have paid no attention to the wishes of the Congress reflecting the views, I think, of a majority of our people. For example in fiscal year 1961, we gave $57 million worth of aid to Yugoslavia. In fiscal 1962, certainly due in part to the Casey amendment last year and the known attitude of the Congress, the aid was cut down to less than $1 million, other than the sale of surplus agricultural commodities.

The Executive did pay attention to the wishes of the Congress.

Are we now going to write prohibition saying that the President cannot give 1 cent of aid, even if a situation developed that would make aid advisable? That would amount to a veritable handcuffing of the President of the United States in the conduct of our foreign affairs, which, under the Constitution, as I read it, he is charged with directing.

Look for a moment at what the two amendments before us would do.

First, they say that we are against aid to countries controlled or dominated by communism. That is the Casey amendment. Then, the amendment offered by the chairman of the Committee on Foreign Affairs says that while we are against such aid, the Congress thinks it would be a mistake, it is our judgment that it should be cut down and eliminated, at the same time we know that the President of the United States who is charged with the conduct of our foreign affairs, has access to information that is properly not available to us, and he can overrule our prohibition if he finds and reports to the Congress that, first, the assistance is vital to the security of the United States not just useful, not just important, not just in our national interest, but vital to the security of the United States. Is the Congress to say that even under such circumstances the President must remain helpless to do what, with his superior information, he believes it is vital to our security that he do?

Mr. Chairman, I have talked as much about preserving the Constitution of the United States as anybody here. May I say to my friends on my side of the aisle, perhaps we talk more than others about the Constitution; we do not want the executive or the judicial branches invading the prerogatives of the legislative branch. Yet it is urged that we now turn around and disregard the division of powers and duties in the Constitution which puts the direction of our foreign policy in the hands of the Executive. I want to be for the Constitution of the United States. If the President wants to take the responsibility of overruling our views, he must have that authority.

On July 8, 1956, I said, page 9865 of the RECORD, on this very point:

> Mr. Chairman, I sympathize entirely with what the gentlewoman from New York [Mrs. KELLY] is trying to do, as I have all these years. But I think the direction of foreign policy must come from the President, and so I shall support the Williams amendment to allow the President to continue the aid if he determines it to be in our national interest. That unquestionably puts the President on the spot.
>
> The President then was Eisenhower.
>
> But that is the proper thing to do; it should be his responsibility to make the decision, just as it is ours to express our views in favor of stopping the aid.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

(By unanimous consent (at the request of Mr. JUDD), he was allowed to proceed for 3 additional minutes.)

Mr. JUDD. Mr. Chairman, if we adopt the amendment offered by the gentleman from Pennsylvania [Mr. MORGAN] to the amendment offered by the gentleman from Texas [Mr. CASEY], we will be saying that we are against assistance to Communist countries; but the President can furnish it if he finds

and promptly reports to the Congress that, first, such assistance is vital to the security of the United States. He will have to take the responsibility of that decision, as he is charged with doing.

Second, he has to find that the recipient country is not controlled by the international Communist conspiracy. This would allow him to give aid in the case of Yugoslavia. In some of the other countries, I do not see how he could give aid under this act because he could hardly torture that language to find that the country is not controlled by international communism.

Third, he must also find and report that the assistance will promote the independence of the recipient country from international communism.

We Republicans recently adopted a statement of policy. In essence we said in that statement that our country should support measures that will help encourage the efforts of countries and people to remain independent or to become independent. This amendment takes the same position.

Mr. Chairman, I do not believe we can rightly deny the President the opportunity to exercise his judgment in this field where he has the primary responsibility. Taxes are ours; foreign policy is his—with guidelines laid down by us.

So a vote for the Casey amendment amended by the Morgan amendment, is a vote against aid to Communist-dominated countries. And it is a vote for our form of government, our Constitution. We of the legislative branch express our views, and I do as emphatically as the gentleman from Texas, or anybody else. We prescribe guidelines, criteria; but at the same time we respect and preserve the proper role of the President.

I hope the amendment offered by the gentleman from Pennsylvania to the Casey amendment will be adopted, and then the Casey amendment as amended will strengthen, not weaken, both our world position and our constitutional position.

Mr. FEIGHAN. Mr. Chairman, I offer a substitute.

The Clerk read as follows:

Amendment offered by Mr. FEIGHAN as a substitute amendment:

"(f) No assistance shall be furnished under this Act and no commodities may be sold or given under the Agricultural Trade Development and Assistance Act of 1954, as amended, to any country holding membership in the Warsaw Pact or the—Comecon—Council for Mutual Economic Assistance, or to any country whose form of government is based upon the Marxian-Lenin concept of dictatorship of the proletariat supported by a single party which selects and controls all candidates for public office, and which prohibits or restricts freedom of assembly, freedom of speech, freedom of religion, freedom of movement, and the right to dissent. This restriction may not be waived pursuant to any authority contained in this Act."

(Mr. FEIGHAN asked and was given permission to revise and extend his remarks and to proceed for 5 additional minutes.)

Mr. FEIGHAN. Mr. Chairman, my amendment differs from the amendment offered by the gentleman from Texas [Mr. CASEY] because under the Casey amendment, if a country overthrows a Communist regime and establishes a free government, the President could not give aid to any of the countries listed in his amendment, but my amendment would permit the President to give assistance to any country that overthrows any Communist regime.

The continuation of American assistance in any form to the Communist regimes of Yugoslavia and Poland is a vital issue to all the American people. The American people are remarkably well informed on the intention of the Communists to destroy our free way of life and to replace it with the system of tyranny and despotism common to all Communist regimes. They have gladly poured out their material resources to stem the tide of communism and to strengthen the cause of freedom everywhere in the world. They recognize the life-and-death character of the war which the Communists have declared upon all free people. They have carried the burdens demanded by this threat at great sacrifice, but our people have demonstrated a growing discontent with the practice of our Government to use their hard-earned money to provide economic assistance to any Communist regime. This tide of public resentment has not yet reached its full crest. The danger signs are everywhere that if we continue the bankrupt course of sharing our material strength with Communist regimes, the American people will soon demand a total stop to all foreign-assistance programs. This would be a great tragedy, because I believe that our foreign-assistance programs, when properly oriented, have made and can continue to make a significant contribution to the willing of a free and peaceful world.

The overriding issue before this body today is whether or not we favor supporting Communist regimes anywhere in the world. This has become the central issue, because the record of performance with regard to Yugoslavia over the past 14 years is so balanced against U.S. interests that we can no longer disregard the dangerous consequences of such aid.

That record shows that our intention was to encourage Tito to pull away from the Communist bloc, as a means of fragmenting the Communist empire, but that our intentions have been thwarted and defeated. The Communist regime in Yugoslavia has made it abundantly clear that it marches shoulder to shoulder with the Russian Communists toward the goal of communizing the world. Moreover, that record identifies, beyond any reasonable doubt, the decisive influence our assistance has had in maintaining and strengthening the grip of the Tito regime over the peoples of Yugoslavia.

We have given the Tito regime over $2½ billion in assistance during the past 14 years without bringing about any substantive change in the internal policies of that regime or influencing in the slightest the comradely relations between the Titoites and the Moscovites. The peoples of Yugoslavia have been the primary victims of our good intentions and the American taxpayers have been the secondary victims of these intentions.

The case of American assistance to the Communist regime in Poland differs from that of Yugoslavia only in the amount of assistance extended by the United States. The Communist regime in Poland has received in excess of $1 billion from the United States during the past 6 years. Gomulka's regime was compelled in 1956 to make concessions to the people of Poland as a last resort to avoid a total political revolution such as occurred in Hungary in 1956. Under these circumstances American assistance to that Communist regime was inaugurated.

Mr. Chairman, what is the situation today? Most of the concessions granted to the people of Poland in 1956 have been completely withdrawn or have been tightened up to the extent that they are meaningless. The Gomulka regime today is just as oppressive as any other Communist regime insofar as the basic freedoms are concerned. But it is more skillful in the use of camouflage to cover its policy.

To demonstrate my point, let me point out that only a few weeks ago Cardinal Wyszynski, the Catholic Primate of Poland, publicly denounced the confiscatory tax measures imposed by the Gomulka regime on the last Catholic seminary in Warsaw. The Cardinal pointed out that the taxes assessed by the Communist regime were of such an exorbitant nature that it would be necessary to dispose of the seminary itself in order to raise the funds to meet these taxes. Here the record shows the more we give the Communist regime of Poland, the tighter they draw the noose of oppression and persecution around the necks of the people, the God-fearing people of Poland.

Mr. Chairman, I am convinced beyond any doubt that we can loosen this noose of tyranny and persecution by denying the Communist regime in Poland any further American assistance. A vote for this amendment is a vote for freedom and a vote against tyranny and despotism.

Mr. Chairman, with reference to the question—are we going to tie the hands of the President—that is not an issue in this instance. The issue is whether or not Congress is willing to establish an incentive plan under which the Communist regimes anywhere may be given a clear choice, the choice of abolishing the Russian-style system of tyranny which they have imposed upon the people of the captive nations, or face the wrath of the people which shall surely come as a consequence of the growing failures of these Communist regimes.

Mr. Chairman, it is clear that such Communist regimes must find food resources which they do not now have if they are going to survive. It is equally clear that their Russian masters cannot supply these needed food resources because the agricultural system of the Soviet Union has provided a dismal failure. It should be clear to every Member of this House that the national security interests of the United States are best supported when we offer tottering Communist regimes our assistance, only on

a condition that they demonstrate their desire to reform and to disassociate themselves from the Russians.

Mr. Chairman, this issue is very clear—whether or not we are going to support Communist regimes, and let us not hide behind this cloak, this specious cloak, of flexibility for the President. Mr. Chairman, I am in favor of the power of the President being exercised as he should exercise it, but this is a problem for the Congress of the United States to determine, whether we as Members of Congress representing our people vote to give their hard-earned money to support Communist regimes which are dedicated to the destruction of our way of life, our freedoms, our basic human freedoms.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. FEIGHAN. I would be happy to yield to the gentleman from Ohio.

Mr. ASHLEY. I have listened very carefully to the gentleman. However, I have a problem.

The gentleman says that our national security interests are best served by cutting off assistance of any kind of Poland and Yugoslavia. This is absolutely contrary to what President Truman has said, what President Eisenhower said, and what President Kennedy said. And these men have had the constitutional authority for the conduct of our foreign affairs.

Mr. FEIGHAN. I am very glad to answer that.

Mr. ASHLEY. Please.

Mr. FEIGHAN. In the first place, President Truman gave aid to Yugoslavia only after Tito and the Yugoslav regime was kicked out of the Russian bloc by Stalin; the Truman administration gave aid to Tito only as an experiment, only as an effort to keep Tito permanently out of the Russian bloc. As far as President Truman is concerned, let the record show that it was his bold and courageous action in launching the Greek-Turkey aid program that closed the Yugoslav-Greek border. The book by Djilas, "Conversations With Stalin," reveals that it was Stalin who directed Tito to close the border to guerrilla action because of the heat produced by the Truman doctrine. That was an entirely different situation from that under consideration now.

Mr. PUCINSKI. Mr. Chairman, will the gentleman yield?

Mr. FEIGHAN. I yield.

Mr. PUCINSKI. Did I understand the gentleman to say that Cardinal Wyszynski publicly denounced the Gomulka regime?

Mr. FEIGHAN. Yes, indeed. I put it in the RECORD of June 27, beginning at page 11125.

Mr. PUCINSKI. Does the gentleman know of any other Communist country in the world where the spiritual head of that country can make that kind of a denunciation in public?

Mr. FEIGHAN. If the gentleman will read my remarks, he will observe that Cardinal Wyszynski prophesied that he probably would be put in jail, just like Cardinal Mindszenty and others. Let me quote directly from Cardinal Wyszynski on this vital question:

> I know that in telling you all this I am going to lay myself open to attacks in the press. I am the guilty one, the troublemaker, the instigator, the one who sows division in society; I shall be accused of all that, I know; but I prefer to be accused today rather than in 50 years' time.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. FEIGHAN] has expired.

Mr. CEDERBERG. Mr. Chairman, I ask unanimous consent that the gentleman from Ohio have permission to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. MORGAN. Mr. Chairman, I served notice that 10 minutes on each amendment was plenty of time, and I am therefore impelled to object.

The CHAIRMAN. Objection is heard.

Mr. FRELINGHUYSEN. Mr. Chairman, I offer an amendment to the substitute.

The Clerk read as follows:

> Amendment offered by Mr. FRELINGHUYSEN to the substitute offered by Mr. FEIGHAN: Strike out the period at the end of the amendment, insert a comma and the following: "unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international communism."

(Mr. FRELINGHUYSEN asked and was given permission to revise and extend his remarks.)

Mr. FRELINGHUYSEN. Mr. Chairman, as the reading of my amendment indicates, the language which I have offered as an amendment to the substitute offered by the gentleman from Ohio [Mr. FEIGHAN] is identical to the language offered by the gentleman from Pennsylvania, the chairman of our committee, to the amendment offered by the gentleman from Texas.

At this stage of the debate, perhaps, no one's mind will be changed by what is said. At the very least this debate has shown we are all agreed that we are united in our desire to defeat the international Communist conspiracy. The question which we are now discussing affects the best way in which we can promote this end, and our own national interests.

I would like to point out that this language will very severely restrict the already limited authority of the executive branch with respect to Communist-controlled or dominated countries.

Much attention has been given to Yugoslavia. Section 143 of the Mutual Security Act of 1954 spells out specifically the restrictions which already apply to any aid to Yugoslavia. The President must continuously assure himself, first, that Yugoslavia continues to maintain its independence; second, that Yugoslavia is not participating in any policy or program for the Communist conquest of the world; and, third, that the furnishing of such assistance is in the interest of the national security of the United States.

In section 620(b) of the Foreign Assistance Act passed last year there is this general provision:

> No assistance shall be furnished under this Act to the government of any country unless the President determines that such country is not dominated or controlled by the international Communist movement.

The language which we now have before us would put further restrictions on the ways and the type of aid which we can provide and the positive finding which the President must make before he could be authorized to provide any assistance.

The suggestion from the gentleman from Ohio, it should be pointed out, would eliminate even Public Law 480 assistance to such countries as Poland and Yugoslavia. As we all know, such aid is relatively modest at the present moment. It seems very inadvisable for us to restrict not only aid under this act but aid under Public Law 480.

I should like to repeat also that the President must find that such assistance will be vital to the security of the United States. We require a very direct finding and a report to the Congress in order to make it possible for him to furnish any assistance. We must have a finding, again, that the country is not controlled by the international Communist conspiracy and will further promote the independence of that country.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

(On request of Mr. ALBERT, and by unanimous consent, Mr. FRELINGHUYSEN was allowed to proceed for 5 additional minutes.)

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman from Oklahoma.

Mr. ALBERT. I desire, first of all, to compliment the gentleman upon his cogent statement. I have read the Morgan amendment, and what the gentleman says is precisely true. The President must make an affirmative finding and report to the Congress. These findings must be conjunctive. He must make three specific findings with reference to each and every decision to grant aid to any country.

Does the gentleman not agree that in writing these amendments as proposed by the gentleman from Texas and the gentleman from Ohio, limited by the amendment offered by the chairman of the committee, we are writing a specific policy into law with respect to aid to any country that might be involved?

Mr. FRELINGHUYSEN. I agree with the gentleman.

Mr. ALBERT. Are we not for the first time establishing guidelines with which the administration must comply, and are we not for the first time making it mandatory that the administration conform to those guidelines?

Mr. FRELINGHUYSEN. The gentleman is correct.

Mr. ALBERT. If the gentleman will yield further, I would like to say that it seems to me that this compromise

meets the situation. I, for one, will be insistent that the Congress call upon the administration for a precise and complete accounting of its compliance with both the spirit and the letter of this amendment, if this amendment, as amended, is adopted.

Mr. FRELINGHUYSEN. I thank the gentleman.

We must remember that we provide aid not only to the governments of these countries, but to some extent also to the peoples of these countries. We have had expressions of opinion with respect to the conditions in Poland.

Because of the tradition of close connections between our country and the Polish people, should we make it impossible for us to provide assistance to the building of a hospital in Krakow, Poland? Or provide them with food if the circumstances warrant?

Impatience has been expressed that we have not accomplished enough with the discretionary authority which the previous Presidents have had. I might point out that the situation in Yugoslavia has changed substantially, at least in part, because we have expressed interest in the breakaway that occurred when Stalin kicked Tito out back in 1948. There has been an opening in Yugoslavia to Western ideas and influences. English has replaced Russian as the second language in the country. American films and books are popular. The Voice of America is not jammed. More than two-thirds of Yugoslavia's trade is now with the West. All these things are solid evidence that the monolithic character of the Soviet conspiracy has been broken to some extent. To me this is an eminently desirable trend, in the best interests of our own country.

The gentleman from Minnesota has mentioned the fact that the Republicans have adopted, with very little disagreement, a statement of principles only last month. I was one of six Members of the House which drafted this declaration. I would like to quote very briefly from this statement, because it does represent what I believe. The language which we are now considering, I believe, would incorporate, would embody, this philosophy:

> Demands for assistance by those who hang back from the struggle between freedom and slavery do not deserve the high priority that the pressing needs of freedom's friends should have.
>
> Aid to our sister American Republics is, by law, conditional upon progress toward development of free institutions. Aid should not be extended to any Communist state that will not accept equally stringent conditions.

I submit that the language we are now considering applies these equally stringent conditions. I recognize that there are those who say that under no circumstances should we provide any aid to the enemy, in whatever form he appears. But, it seems to me, we should be able to let the President differentiate between the types of enemies.

If a Gomulka rises in some other country, it might well be in our own national interest to move to help that breaking away of a Communist-dominated country. It is not simply a question of whether we do or do not favor Communist regimes anywhere. It is not simply a question of whether they are Communist or not. If they are moving in our direction, if they are showing some desire or ability to get out from under the Communist conspiracy, it seems to me we should be in a position to move rapidly. We should be able to exercise the kind of authority and provide the kind of aid that we have in the past, in the best interest of this country.

Mr. KITCHIN. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman.

Mr. KITCHIN. I would like to ask the gentleman a question concerning the three instances in which the President, according to the gentleman from Oklahoma, must make an affirmative finding. I see in No. 2, the recipient country is not controlled by the internationalist Communist conspiracy. Then No. 3, that such assistance will further promote the independence of the recipient country from international communism. Does that or does it not create a paradoxical situation? How can you find both? I would like the record to speak out on that particular subject, if the gentleman can answer.

Mr. FRELINGHUYSEN. I am glad the gentleman brought that out at this time. Yugoslavia would be as good an example as any. There might be a finding, perhaps, that Yugoslavia is not controlled by international Communist conspiracy and, yet, no finding that assistance will promote the independence of that country from the tentacles of the international Communist conspiracy, which they project either by trade or politically. There must be a finding on all three points. It does not seem to be inconsistent in any way to have this triple requirement. Subsection 2, in effect, is in existing law but subsection 1 and subsection 3 add further restrictions to present law.

Mr. WALTER. Mr. Chairman, I am convinced that if we ban all assistance, including even food, to Yugoslavia and Poland, under any condition, we will be handing the Soviet Union a tremendous propaganda weapon to use very effectively against us everywhere. It will cite our action as proof that the United States is not really interested in humanity.

I also am convinced that if we take this step we will be depriving our friends behind the Iron Curtain—and they number in the millions—of one of their most effective anti-Communist and pro-American arguments. We will be depriving them of concrete proof of the friendship of the American people for the hungry, underprivileged, and freedom-loving people throughout the world, no matter who they are and whether or not they are the victims of totalitarian oppressors.

We are not dealing here with the weapons of war. We are talking about assistance and people who need it. We are not talking about help to Tito and Gomulka who, like all rulers, cannot last forever—and I do not require any proof that either of these people are Communists—we are talking about continuing the Kennedy and Eisenhower policies of seeking and helping friends and allies among people rather than among rulers.

Whether or not we are succeeding, I think is answered very well by a pamphlet that came to me a moment ago. I obtained it from the committee. It is entitled "Results of the U.S. Assistance to Poland and Yugoslavia." I recommend it to all of you.

We all know Moscow wants the enslaved peoples to feel that they have been abandoned by the free world. If we cut off the possibility of sending them even food, they will feel abandoned indeed.

What will the result of this be?

Their resistance to the Communist oppression will be undercut, and this means that our own security will be weakened. Many authorities are firmly convinced that for years one of the major deterrents to world war III has been the resistance of enslaved people to their Communist masters. Help Moscow break that resistance and you increase the potentialities of Communist aggression.

Mr. Chairman, erosion of the Communist empire has begun even though that empire is still making gains outside its borders. More and more, the people behind the Iron and Bamboo Curtains are speaking up. There is no doubt that the Communist rulers hear their voices.

Shall we now reverse ourselves, shackle the President, and abandon the gains that have been made through our contacts with and help to the people of Yugoslavia and Poland?

Mr. FEIGHAN. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Ohio.

Mr. FEIGHAN. Is it not true that food is a weapon of war? And that when we are supplying food to Communist regimes, which incidentally at the same time are exporting food, that the food that we give primarily goes to the Communist elite?

Mr. WALTER. No; I will answer the gentleman. The food does not go to the Communist elite. I saw how food was being distributed in Yugoslavia. I know that the people all over that country know where that food came from. They told me so. They knew very well that they got this assistance from the United States.

By supporting the amendment of the distinguished gentleman from New Jersey [Mr. FRELINGHUYSEN] and the gentleman from Pennsylvania [Mr. MORGAN], we can indicate our strong opposition to the regime in Poland and in Yugoslavia and at the same time not interfere with the President in carrying out his responsibilities imposed on him by the Constitution of the United States.

Mr. BARRY. Mr. Chairman, I rise in support of the pending amendment.

(Mr. BARRY asked and was given permission to revise and extend his remarks.)

(Mr. BARRY asked and was given permission to proceed for 2 additional minutes.)

Mr. BARRY. Mr. Chairman, I have no illusions that any argumentation that I might present would change the vote of anyone in the Chamber. However, there are certain facts I would like to lay before the Members of this body.

As our minority leader, the gentleman from Indiana [Mr. HALLECK], has often said to the Republicans of this House, a Congressman is only as good as his information.

I do not wish to impose upon the judgment of any of you, but I would like to supply some of the information contained in the pamphlet that was received from the State Department only this morning, which the gentleman from Pennsylvania [Mr. WALTER] referred to a few moments ago.

Further, I would like to state that I have not been to Yugoslavia, although I was in Poland over the Easter holidays.

In Poland the Voice of America broadcasts are unjammed. That is fact No. 1.

Fact No. 2: In Yugoslavia English has replaced Russian as the most widely taught language in the country.

Fact No. 3: American and western books are readily available at book shops.

Fact No. 4: The Voice of America broadcasts are unjammed.

Fact No. 5: The U.S. Information Service is permitted to carry out a program on a greater scale than in any eastern European country.

Fact No. 6: American and western European newspapers and magazines are sold on newsstands.

Fact. No. 7: The New York Times and Herald Tribune are subscribed to by 70 libraries.

In Poland 220 primary schoolteachers questioned on novels, on whether they like Polish or Soviet novels, and they were asked to list them along with American novels, the 220 schoolteachers did not list a single Communist writer. Radio Warsaw, on the other hand, was greatly offended by this, and reported to the people that the children of the schools embraced the capitalistic school system in their essays.

Let us go to Yugoslavia for a minute. There have been two books published in Yugoslavia first, "The New Class," by Milovan Djilas; and second, "Conversation With Stalin."

Both books shook the Communist world and came out of the present climate of Yugoslavia.

You may be interested to know that in Yugoslavia newspapers they carry Associated Press and UPI dispatches.

Mr. FEIGHAN. Does the gentleman know that Djilas is in jail for dissenting. Both "The New Class" and "Conversations With Stalin" by Djilas were forbidden to be printed in Yugoslavia and forbidden to be distributed in Yugoslavia. Djilas went to jail the second time after "Conversations With Stalin" was printed in the United States.

Mr. BARRY. In Poland the Catholics, who make up 95 percent of the population, enjoy the basic freedom of worship. In Poland I observed over the Easter holidays that they worshiped 4 days. They worshiped on Good Friday, they worshiped on Saturday, they worshiped on Easter Sunday, and they topped it off by flocking to the churches again on Easter Monday.

I have been told there were 2,000 new churches built in Poland since the war. I personally went to some of these churches to inspect them. I saw that the mortar was new. I went into the churches—I saw them crowded. I saw them worshiping God in the same way we worship God in this country.

In Yugoslavia, harsh repression of religion abruptly ended in 1949. A law was passed in 1953 to normalize relations between church and state. Archbishop Stepinac was released from prison in 1951. The Moslems are represented in Yugoslavia too. The Moslem assembly in 1957 thanked the Tito regime for the fact that they were "completely free" to worship God in their own way.

What about the facts on the socialization and collectivization of farmland? In Yugolsavia only 12 percent of the farmland is presently collectivized. In Poland only 13 percent is presently collectivized.

What about our trade with Yugoslavia and Poland? In 1948 our exports to Yugoslavia amounted to $8 million. Our exports for 1961 rose to $153 million How about imports? Five million dollars in 1948 and $40 million in 1961.

How about Poland? In 1948 exports were $55 million; in 1961, $74 million; imports, 1948, $1.2 million and in 1961, $41.3 million.

Now, under our Public Law 480, we had an agreement with the Polish Government which makes it possible that some of these soft currencies will be repaid in U.S. dollars at a future date. We do not have that sort of an agreement with some of the non-Communist countries. Under Public Law 480, commodity support, the zlotys received from our sales are used to support CARE and Church World Service, and the Children's Hospital in Krakow.

The CHAIRMAN. The time of the gentleman from New York has expired.

(Mr. BARRY (at the request of Mr. PILLION) was given permission to proceed for 3 additional minutes.)

Mr. PILLION. Mr. Chairman, will the gentleman yield?

Mr. BARRY. I yield to the gentleman from New York.

Mr. PILLION. I am most disturbed by the language of the amendment. As I view the language, Red China and Cuba could both become eligible for aid under that language, because neither country is under the military, political, or economic control of the international Communist conspiracy; in fact, "international Communist conspiracy" is a very vague and loose term. Cuba is not a Communist country because of its control by Khrushchev or by its control by the Soviet Communist Party. It is a Communist country that has welcomed and associated itself not under control of Moscow and Khrushchev and the Communist Party, so that the amendment that is before the House today completely nullifies the intent and purpose of the two original amendments.

Now, can the gentleman tell me what "international Communist conspiracy" is?

Mr. BARRY. I will be very happy to say to the gentleman I will give him the results of the past when Yugoslavia split with the Soviet Union in 1948:

First. Russia was cut off from direct access to the Mediterranean.

Second. Yugoslavia ended her intervention in Greece, with the closing of the border, where infiltration into Greece had made it almost impossible for the Government of Greece to win their victory, which they later did win, after this border was closed.

Third. Albania was isolated.

Fourth. We were able to get a compromise on Trieste.

Fifth. Now, mind you, we are not the only ones interested in whether we maintain a cordial relationship with Yugoslavia. Italy will be able to forgo concentrating on its borders and can now relax and allow its Government to concentrate on internal procedures. This is what they have been doing in the last 7 or 8 years which has resulted in a boom in the Italian economy.

There is a belief that has gone about that there is no advantage to a Communist country not being dominated by the Kremlin. But let me say this to the Members of the House: The great Communist myth which existed for years, was that the Soviets dominated everything. But when Yugoslavia broke this myth it led to the split which broke, second, in East Germany, then third, in the bloody uprising in Poland and, fourth, in the revolt in Hungary. All of these breaks were made possible by virtue of the fact that the myth was broken when Yugoslavia broke from the Kremlin.

Mr. Chairman, I rise to give my support to the amendment by the gentleman from New Jersey [Mr. FRELINGHUYSEN]. Many of you know that I have vigorously opposed many of President Kennedy's proposals and programs. However, under our Constitution, the President is given the responsibility for the conduct of the foreign affairs of our Nation. If he is to discharge this all-important responsibility, he must have enough flexibility to take advantage of every situation anywhere in the world, particularly with reference to cracks in the solid front of the Communist bloc.

I have no more desire than has any other American to assist communism with my taxes. But all of us know in our hearts that there are millions of people behind the Iron Curtain in countries such as Poland, Czechoslovakia, Hungary, Yugoslavia, and even in China and the U.S.S.R., who cherish liberty and have the same love of fredom that we ourselves have. We know this because many of our most loyal freedom-loving Americans are descended from those who came from these very nations. It would be sheer folly, Mr. Chairman, for the U.S. Congress to slam the door, categorically,

on all of these people. We would thereby force them still more firmly into the arms of the international Communist monster.

May I urge my colleagues to give President Kennedy the same latitude which we gave President Eisenhower. The amendment by the gentleman from Pennsylvania [Mr. MORGAN] and the one by the gentleman from New Jersey [Mr. FRELINGHUYSEN] should be supported. It is my frank opinion that the proposals offered by the gentleman from Texas [Mr. CASEY] and the gentleman from Ohio [Mr. FEIGHAN] should not be adopted without these amendments.

(Mr. OSMERS asked and was given permission to revise and extend his remarks.)

Mr. BOW. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. Bow moves that the committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. BOW. Mr. Chairman, it is a little difficult to get the floor here today with the Committee taking up most of the time and giving extra time.

Mr. Chairman, I should like to bring the House back to the constitutional question which was raised by my distinguished colleague, the gentleman from Minnesota [Mr. JUDD] and by others who are fearful that we may invade the prerogatives of the President. I should like to remind the gentleman that the same Constitution says that no moneys shall be spent unless appropriated by the Congress of the United States. So the responsibility of how money is spent is placed upon the Congress, and we are not invading the province of the President. We are retaining for ourselves the rights of this House.

Mr. Chairman, this is an authorization bill to authorize appropriations to be made. If we attempt to do these things in appropriation bills, such bills are subject to the point of order of legislating upon an appropriation bill. So this is our opportunity to exercise the prerogatives of the House of Representatives—you as the Representatives of the people—in determining the manner in which the money of the people will be spent.

Mr. Chairman, I think it is unfortunate that before the final vote is taken we have gotten so far away from the excellent statement made by the gentleman from Texas [Mr. CASEY], who outlined what this cost is to the American people, what it is doing to us and what it is taking from us. So I simply wanted to get us back, Mr. Chairman, to the Constitution and our constitutional responsibility. We are not invading any province of the President, but we are exercising that which we should and must do.

Mr. Chairman, I yield back the balance of my time.

Mr. FULTON. Mr. Chairman, I rise in opposition to the preferential motion.

Mr. Chairman, I want to say I do not think that we on this motion should now defeat this foreign aid program completely. So the motion should be voted against—the motion offered by the gentleman from Ohio [Mr. Bow].

Mr. Chairman, I agree with the gentleman from Pennsylvania [Mr. MORGAN] and likewise with the gentleman from New Jersey, and support their amendments. I believe that we must go ahead with our U.S. foreign aid programs on the basis of having confidence in the President, whomever the President might be. When the President was President Truman I stood here and said that he had charge of the foreign policy of the United States; under the U.S. Constitution and that our U.S. security lies within the discretion of the President on foreign policy. We in Congress cannot each have all the current secret advice and facts to which the President has access. Therefore we must trust our President. As a strong Eisenhower supporter, I reemphasized that feeling when President Eisenhower was President.

I believe firmly that President Kennedy is our President of the whole country. I have confidence in him as I have known and worked with him for a long time, and this is no time for partisanship. I would like to say both to our Democratic and Republican friends that the language of these amendments is clearly sufficient to do what Congress feels should be done; to protect the prerogatives of the House as well as the separation of powers, and to protect the security of the United States. There is no doubt that is true. I would like to hear from anybody who feels that the language is not sufficient in any respect. But if you do not have confidence in the President and feel that the language is sufficient, then you should vote that "no confidence" in the President of the United States. I strongly oppose such a vote of no confidence.

As a Republican and a stanch supporter of this country I do not believe I can do that, and therefore I feel that we should, regardless of party, vote either for the amendment of the gentleman from New Jersey or the amendment of the gentleman from Pennsylvania.

May I shortly give some history of myself? History will show that I was the first Member of this House of Representatives who offered an amendment to bar all aid to Yugoslavia, when U.S. foreign aid legislation first was debated in the Truman administration. I have consistently been against military aid to Tito or any dictator government, or for the giving of military planes to Tito, of any kind or variety. But I have been to Poland and I have been to Yugoslavia. When I arrived in Yugoslavia I was told I was one of four people in Congress whom they least expected to see. I asked who they were. One was the gentleman from Pennsylvania, Mr. Walter; another was the Congresswoman from New York, Mrs. Kelly; the third was the late Senator McCarthy, of Wisconsin, and the fourth was myself. Because of the tense situation there I stayed with our Ambassador, Mr. Riddelberger, in his house, without disclosing that I was other than a newspaper publisher. But I found that the Yugoslav people had not changed. I found a wonderful, warmhearted people who liked the West, just as Congressman "TAD" WALTER said. I was welcomed everywhere. I wanted to see if religion was free in Yugoslavia, so I went to the church and when it was time for the service, asked the man in charge to let me toll the bell. He stood aside and let me ring the church bell.

In Poland I went out to see how the workers were trying to get along. They are poor but they are church members. Ninety-five percent of the Polish people are members of the Catholic church, and I think it is wonderful; and I am a Presbyterian.

Mr. Chairman, we should not abandon these good people in Eastern Europe of these captive countries because these governments are governments by force imposed upon them against their will.

In conclusion, I say to you that if you vote against the Morgan and Frelinghuysen amendments, you vote against confidence in the President of the United States. Also, the wording of these amendments, their provisions, is adequate for our complete protection. They have been gone over carefully and a good workable compromise reached.

So I strongly recommend this compromise rather than the extreme views of my other friends whose views I respect highly; but likewise I disagree with strongly.

The CHAIRMAN. The question is on the preferential motion offered by the gentleman from Ohio [Mr. Bow].

The preferential motion was rejected.

Mr. GALLAGHER. Mr. Chairman, I rise in support of the substitute.

Mr. Chairman, I would like at this time to try and set the record straight as to what is contained in this amendment. First of all, there is no aid to Poland slated in this bill. There is no aid to Yugoslavia slated or scheduled or provided for in this bill. What is involved in this debate, in the amendment of the gentleman from Texas, is whether or not we shall have a shift of policy. There can be no more anti-Communist in this body than the gentleman from Pennsylvania [Mr. WALTER]. The amendment of my colleague from New Jersey [Mr. FRELINGHUYSEN] would allow all of us to march just as strongly against communism as the gentleman from Texas [Mr. CASEY], the gentleman from Pennsylvania [Mr. WALTER], and the gentleman from Ohio [Mr. FEIGHAN].

We can express our will, our hatred, if you want to put it that way, of communism and all that it stands for by voting for the amendment of my colleague from New Jersey.

But at the same time let us keep in mind that there is no aid in this bill for Poland. There is no aid in this bill for Yugoslavia. What this amendment really seeks is to shift the policy that has been the policy of three administrations.

Do we really want to tell off Mr. Tito at the expense of the national interest? This is what is involved. Are we more interested in the appearance of being anti-Communist than we are being anti-Communist, and allowing our President, whoever he may be, to do something to

exploit the cracks that are now appearing in the Communist bloc? This is the issue here today.

We have already expended $2.4 billion, as the gentleman from Texas stated. Are we going to write this off and say we made a serious mistake now, when it may not cost us another penny? There is not another penny involved in this bill that we must give to Yugoslavia. There is not another penny involved in this bill that we must give to Poland. I think the record ought to include that this is the issue: Shall we continue a long-range policy that can bear great results?

All that is involved now is the question of whether we are going to enjoy the momentary satisfaction of telling Tito off or are we going to have a cold calculated policy based on the best interests of the United States. Tito is not a very desirable character to any of us. I have heard the argument, let the Communists starve, let us not give them any food; let the people fight for freedom. But we are not offering them freedom instead of food. We did not give the Soviet Union or Red China any food. They are just as Communist as they can be. So we are not going to prove anything by allowing a revolt to ferment in Poland. Nowhere in the world are the people more friendly to us than the people of Poland, nowhere do people show greater contempt for communism than do the Polish people despite the Russian divisions that surround them. However, this is really not the issue. What is involved is the interest of the United States. Shall we tie the hands of our President, who is entrusted by the Constitution to conduct foreign policy? Shall we here today start a new precedent of congressional estoppel in the conduct of foreign affairs. It is an extremely delicate matter, only the President has access to intelligence reports and the reports of our ambassadors. Only he bears the final responsibility of proper evaluation in the light of our national interest. Our foreign policy cannot be conducted in the darkness of ignorance, emotion or local appeal.

We cannot tie our President's hands and still expect him to guide us through these perilous times.

Mr. FEIGHAN. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. No; I will not, unless I get additional time. Then I will be very happy to yield.

Mr. FEIGHAN. Mr. Chairman, I ask unanimous consent that the gentleman from New Jersey be permitted to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. GALLAGHER. I yield.

Mr. FEIGHAN. The gentleman said he does not want a revolt in Poland. The revolt would not be against the United States, as the gentleman implied, it would be against the yoke of tyranny of the Communist regime over the necks of the people.

Mr. GALLAGHER. I did not say I did not want a revolt. I have heard this theory of making profit out of distress. Mr. Stalin had this theory before World War II. He said, "Let the Germans suffer. Let the Nazi's run their course, and after Hitler communism will take over." But 20 million Russians were killed and there were additional millions of people slaughtered throughout the world because Hitler came to power. We cannot make a profit out of the distress of others. The only thing that could happen is that if the people in Poland starve they may well be goaded to revolt and then be stomped on. Useless slaughter is not the answer to communism as Hungary proved.

Mr. FEIGHAN. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I just answered the gentleman's question.

Mr. FEIGHAN. I just got the gentleman 2 additional minutes.

Mr. GALLAGHER. And you are using 4.

Mr. FEIGHAN. If the people revolt they will be revolting against the regime, and we must not forget the strong possibility that there will be a revolt by all other Communist-dominated nations and we would have a total revolution which the Red empire, the Red army, or no other army in the world could suppress.

Mr. GALLAGHER. I disagree but I thank the gentleman very much.

Mr. FEIGHAN. And do not forget when the Hungarians revolted, we stood shamefully by without giving them any recognition, I mean even apart from military assistance.

Mr. GALLAGHER. Mr. Chairman, I would like to request 2 additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. GALLAGHER. I do hope we will stand shoulder to shoulder in support of the amendment offered by the gentleman from New Jersey [Mr. FRELINGHUYSEN].

Mr. JUDD. Mr. Chairman, will the gentleman yield for a comment on the remarks of the gentleman from Ohio?

Mr. GALLAGHER. I yield to the gentleman.

Mr. JUDD. If we were to pass the Casey amendment without the Morgan amendment, or the Feighan amendment without the Frelinghuysen amendment, we would make it impossible for the President at the moment of such a revolt to go in and give assistance to the people revolting.

Mr. GALLAGHER. Absolutely, the gentleman has made an excellent point.

Mr. JUDD. I thought it was a mistake to build up the Communist tyrants, but that has been done. Are we today to take action which would tell the people who feel we are their only hope, that we are now going to abandon them? Rather, let us send them a message that we stand by them. Let us not destroy their hope of receiving assistance at the right moment, and thereby discourage them from broader and stronger resistance, and ultimate revolt.

Mr. GALLAGHER. The gentleman has made an excellent point. This is what is involved. In this policy of the United States, shall we have a policy wherein our President can exploit the cracks in the Communist wall as they appear? Our policy is aimed at encouraging nationalism in the Communist empire. If the Communist empire should break up into a series of national states, they no longer pose a threat to the United States. It is the supernational concept of communism with sabotage and with subversion that is a threat to the United States. The amendment of the gentleman from Texas would throw back into the Communist orbit anyone who seeks to break away from the Communist orbit and irrevocably commit them to the Soviet Union. Our policy gives these nations in the Communist bloc hope and faith and an opportunity of choice. This is what is involved.

Certainly it is easier to come up here and say, I am anti-Communist and that we should cut off aid to the Communist countries. But nobody can be more anti-Communist than the gentleman from Pennsylvania [Mr. WALTER]. He has proven that throughout his career here in the Congress of the United States. That is why we walk shoulder to shoulder with him in trying not only to oppose communism but to allow our President to have sufficient flexibility to exploit the cracks in the Communist bloc.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on the pending amendments close at 3:15 p.m. with the last 10 minutes reserved to the Committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. FEIGHAN. Mr. Chairman, reserving the right to object, would that preclude the offering of another amendment to this section?

The CHAIRMAN. It would not preclude the offering of an amendment to this section.

Is there objection to the request of the gentleman from Pennsylvania that all debate on the pending amendments close at 3:15 o'clock with the last 10 minutes to be reserved to the committee?

Mr. BRUCE. Mr. Chairman, I object.

Mr. HARSHA. Mr. Chairman, I move to strike out the last word.

(Mr. HARSHA asked and was given permission to revise and extend his remarks.)

Mr. HARSHA. Mr. Chairman, I ask unanimous consent to proceed for an additional 5 minutes and to revise and extend my remarks.

Mr. HAYS. I object.

Mr. HARSHA. I want to thank the gentleman from Ohio for refusing me the additional 5 minutes.

Mr. HAYS. The gentleman is one of those objecting to additional time for Members on this side.

Mr. HARSHA. I have not objected to any such request.

Mr. HAYS. Make your speech for the platform, make your speech for the RECORD, get it over with.

Mr. HARSHA. I did not object to any Member having additional time. I sat here patiently for 2 hours seeking recognition and never once objected to any other Member having additional time. The gentleman is absolutely wrong. I thank the gentleman from Ohio [Mr. HAYS] for his courtesy in refusing me

the additional time to express my beliefs. I certainly feel that any Member should have sufficient time to express his views on this important amendment.

Mr. Chairman, I rise in support of the substitute amendment offered by the gentleman from Ohio [Mr. FEIGHAN]. I had a similar amendment at the desk but because of the procedure I was not able to offer my amendment. However, the purpose is the same and my amendment would accomplish the purpose of prohibiting any further aid to Communist countries. I believe the substitute offered by my colleague from Ohio will accomplish this same purpose, therefore I rise in support of it.

Mr. Chairman, In my humble judgment it makes no more sense to strengthen a Communist economy than to arm it. The military potential of a nation is directly dependent upon its economic stability. If a nation has a strong economy it can maintain and support a strong military force. If its economy is shaky and unstable it cannot support such a military force and it ceases to become a potential threat to the security and well-being of the United States. Giving aid in any form to a Communist government strengthens its economy and thereby enhances the military potential of that government.

Aid to Communist nations can only serve to enhance international communism. On the basis of the record, aid to communism is always detrimental to our country. It permits them to use this aid to cover up their own shortcomings and to put down unrest and internal strife.

It serves to build up their lagging economy and frees their funds, resources, and manpower for other purposes detrimental to the welfare and security of America and the free world. It perpetuates an evil system designed and dedicated to the destruction of this country and assists them in tightening their stranglehold on the dominated peoples of the world.

When we provide these Communist governments with assistance, it, in effect, tells the people forced to live under the Red regime that the United States looks with favor upon what that Communist government is doing. We delude and deceive the citizens of those nations into believing that our Government looks with approval upon and is in sympathy with the Communist government.

Such aid helps Communist leaders to strengthen their personal dictatorships. It lengthens and worsens the misery and the agony of the people in the Communist-ruled nations. It makes their slavery look permanent and it breaks, perhaps beyond repair, their hopes for liberation and their faith in the United States as leader of the free world and as champion of democracy.

Many of the people who live within the satellite nations want to rise in revolt against the suppression of freedom. A suppression imposed upon them by international communism and abetted by our assistance. However, experience has demonstrated that within these nations the ability to revolt, when the people face a strong economy and military force, can never become a reality.

There have been revolutions, as we know, within these countries. Revolutions that anticipated help from the United States, yet that help never came to those revolting and they were subdued. Diabolically though, we help the very form of government that is coercing those who want their freedom, so that the people who are brave enough to stand up for their rights and their belief in God are lead to believe that there is no help for them from the free world, but rather that the United States approves of their captivity by communism. No, the slaves and captives of communism are not helped by our aid to Communist governments. Such aid merely perpetuates their slavery and breaks their will to revolt.

It seems foolhardy to take tax dollars away from American citizens and use them to sustain a government that is dedicated to the destruction of every principle we as a nation believe in. This is certainly not in the best interest and security of our Nation.

We are spending more money than ever before during peacetime on our defenses to defend our country against Communist aggression, yet we turn around and give aid to those countries who are a part of the Communist movement. This is foolhardy.

Furthermore, these same Communist nations that are receiving our assistance turn right around and provide Russia and Cuba with aid and supplies. I am sure the Members of Congress would rebel against the United States providing direct aid and assistance to Cuba and Russia. Why then do it indirectly or through the back door?

Some will say that Tito and Yugoslavia are troublesome to Russia, a source of contention to her and independent of Russia. That is not borne out by the facts.

All reports now indicate that Tito and Khrushchev are getting along very well. Tito still provides aid and support to nations that are admittedly part of the international Communist movement. You have only to look at the recent Belgrade Conference to see Tito's attitude towards Russia. He endorsed the Khrushchev proposal for disarmament and criticized severely the United States insistence on controls and inspections. He approved in so many words of Russia's resumption of nuclear testing. He criticized U.S. policies in Latin America and praised Castro for his resistance to American intervention in the Cuban revolt. This certainly is not the action of a neutralist nor of a government independent of and a source of trouble to Russia.

And what of Poland? Poland has been furnishing supplies and finances to Cuba; money and funds with which to build her economy. Now if Poland has the funds to do this, she certainly does not need hard-earned American tax dollars and farm commodities to help her. To give these Red countries aid removes the necessity of Russia to give them help and permits Russia to then use her resources to aid the uncommitted countries and, in effect, defeats the very purpose of our foreign policy. Much of our aid and assistance is diverted to the leftist and so-called neutral countries in the name of and under the guise of the Communist economic movement. This is certainly not in the best interest of the free world.

After 14 years and billions of dollars in aid and assistance to Poland and Yugoslavia, we have still not seen either of them shake the chains of Russia, rather their ties grow stronger. Our aid regardless of our motives, helps them over the rough and the lean years, encouraging an illusion of progress and approval by the United States. Its time to call a halt. How much longer do we have to live with the illusion that we are helping them establish their independence of international communism? What is wrong with writing so-called guidelines in this law to express the will of this House and the people of these United States.

I urge the adoption of this amendment by the gentleman from Ohio [Mr. FEIGHAN].

Mr. BRUCE. Mr. Chairman, I move to strike the requisite number of words.

(Mr. BRUCE asked and was given permission to revise and extend his remarks.)

Mr. BRUCE. Mr. Chairman, it is with a certain amount of reluctance that I rise in opposition to men I have respected over the years and continue to respect most highly; namely, the chairman of the Committee on Un-American Activities, the gentleman from Minnesota [Mr. JUDD], and others, but I cannot do less. I just believe they are wrong in this particular case.

The issue is whether or not we shall continue to aid those who are part of a conspiracy to destroy us. It is not a question of whether we are tying the hands of the administration; it is a question of whether we are tying the hands of the Congress of the United States and the people of the United States.

What is involved here? We try as thoroughly as we can in my office in the few hours that we have left over, to read and study as thoroughly as possible, including the hearings that are held by both bodies of the Congress. I for one cannot go home to my district, and I cannot face myself unless I at least try to stop aid to North Vietnam and to stop aid to Castro in Cuba, because that is what we are talking about.

There was a mission from North Vietnam that went up into the Soviet satellites in 1960, and another one in 1961.

Have we read the press conference of the delegate who returned to North Vietnam, where American men are now engaged in conflict as advisers? It is reported Poland had promised 7 million rubles to North Vietnam in 1961. Are we going to leave the door open for aid to Poland to be transferred to North Vietnam?

In the other body, the Internal Security Subcommittee has held hearings and received testimony. Let me read you a little bit of it:

YUGOSLAVIA

"COMMUNIST THREAT THROUGH THE CARIBBEAN, PART III," GEN. C. P. CABELL, DEPUTY DIRECTOR, CIA—PAGES 167, NOVEMBER 5, 1959—HEARINGS BEFORE INTERNAL SECURITY SUBCOMMITTEE

Mr. SOURWINE. General, are there any significant pro-Communist sympathies among the various Eastern European minority groups living in Latin America, such as the Yugoslavs, Poles, the Czechs, and the Hungarians?

General CABELL. The satellite countries and Yugoslavia also seek to influence the local emigre groups. In Chile, the Yugoslav group has been cultivated by the Yugoslav Embassy. The Titoist brand of communism has met a sympathetic response from the Chilean Socialists who form part of the political alliance which includes the Communist Party.

"COMMUNIST THREAT TO THE UNITED STATES THROUGH THE CARIBBEAN, PART VII," MAY 2, 3, 4, 6, 1960—INTERNAL SECURITY SUBCOMMITTEE—PAGE 340

Senator KEATING. You have spoken of the large number of Chinese agents there. Are these Russian agents in Cuba?

Father AGUIRRE. There are, too. Yes. But I think there are more Chinese than Russian.

Senator KEATING. Are there any agents from other Communist countries?

Father AGUIRRE. Always. Especially from Yugoslavia and Czechoslovakia.

"COMMUNIST THREAT TO THE UNITED STATES THROUGH THE CARIBBEAN, PART VI," PAGE 318—INTERNAL SECURITY SUBCOMMITTEE—TESTIMONY OF EDWARD J. WHITEHOUSE. MAY 26, 1960

Mr. SOURWINE. Now the Cubana Airlines pilots reported to you as Communists. Is one of them Cesar Alarcon?

Mr. WHITEHOUSE. Yes.

Mr. SOURWINE. Is he a pilot or copilot?

Mr. WHITEHOUSE. He is a copilot. And he is very close to Raul Castro, and Victor Pina. As a matter of fact, he took the trip with Victor Pina to—they say they went to Yugoslavia to buy the—arrange for the purchase of the Mig's of the Cuban Air Force.

Mr. SOURWINE. This is a new subject. Let's pursue it. We will come back in a moment. You tell us Cuba has arranged for the purchase of Mig's, fast aircraft.

Mr. WHITEHOUSE. Yes; it is pursuit airplane.

Mr. SOURWINE. Is that a jet aircraft?

Mr. WHITEHOUSE. Jet.

Mr. SOURWINE. Made in Czechoslovakia?

Mr. WHITEHOUSE. I don't know where they are made.

Mr. SOURWINE. Or made in Russia?

Mr. WHITEHOUSE. I think they are made in Russia.

Mr. SOURWINE. But the purchase was arranged through Czechoslovika?

Mr. WHITEHOUSE. Yugoslavia.

Mr. SOURWINE. And Victor Pina and Cesar Alarcon went to Yugoslavia to arrange this purchase?

Mr. WHITEHOUSE. Yes; and then stayed abroad for more than a month.

Mr. SOURWINE. How many of these aircraft were bought; do you know?

Mr. WHITEHOUSE. I was given an amount of 16.

Is there any question in the minds of anybody but what Yugoslavia and Poland have played the game of the international Communist conspiracy? Is there any doubt in anybody's mind? I would point out we are talking about tyranny.

A study just this week issued a report that 60,000 refugees have escaped from Yugoslavia in the last 5 years. What are they escaping from—this new socialistic experiment?

I would point out that the revolt in Poland, if it were of such description, came before we sent aid to Poland.

That came before, not as the result of it. A move toward independence was not the result of aid from us. It established itself because we were not giving aid, because the oppression became unbearable. As to Yugoslavia, the friction between Tito and Stalin came when we were not giving aid to Yugoslavia. It was the result of our not helping them.

Now, what has happened since? The rapprochement appears obvious. Read the newspaper accounts over the last several months. Tito and Khrushchev have been having a new wedding feast. Read the papers and see the pictures of Castro's people in Cuba with Tito's men.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. ZABLOCKI. Mr. Chairman, I move to strike out the last word.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. In an effort to agree on time, I ask unanimous consent that all debate end at 3:30 on this amendment and all amendments thereto, the last 10 minutes to be reserved to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. DERWINSKI. Mr. Chairman, reserving the right to object, I do not think we have any objection to the gentleman stating a specific time, but I think it is quite irregular to include in the time element the request of the last 10 minutes for the committee.

Mr. MORGAN. I do not think it is irregular. I have been a member of the committee for 20 years, and that is the usual practice.

Mr. FULTON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FULTON. Is the time limited on the amendment and the amendments thereto and the substitute and the substitute amendment but not on the whole section?

Mr. MORGAN. That is right.

The CHAIRMAN. The request includes the amendment and all amendments thereto now pending at the desk, except it does not close debate on the section.

Is there objection to the request of the gentleman from Pennsylvania?

Mr. BECKER. Mr. Chairman, further reserving the right to object, when the chairman put the question he said "all amendments thereto." Does this preclude the other amendments at the desk?

The CHAIRMAN. No. Only those which are addressed to the pending amendment.

Mr. BECKER. I thank the gentleman.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

(Mr. HOLLAND asked and was given permission to extend his remarks following those of Mr. ZABLOCKI.)

Mr. ZABLOCKI. Mr. Chairman, I rise in support of the amendments offered by our distinguished chairman of the committee, Dr. MORGAN, and the gentleman from New Jersey [Mr. FRELINGHUYSEN]. We have heard repeatedly today that we should stop giving aid to Communist countries. Now, what is the record? Of the number of countries that were enumerated in the Casey amendment—and there were more than a dozen—only two countries have received any assistance. In the case of Poland this assistance, in recent years, has consisted only of the sale of Public Law 480 agricultural surpluses and credits for nonstrategic items. In the case of Yugoslavia, as was stated before, there is no specific authorization of assistance contained in this bill.

I want to repeat that only two countries have received assistance from the United States in one form or another, and these are the two countries that have veered away from the policies of the Kremlin. These are the countries that we hope will further break away.

Mr. Chairman, as the amendment which has been offered by our distinguished chairman of the Committee on Foreign Affairs, the gentleman from Pennsylvania [Mr. MORGAN], states in the third proviso, even these countries will be unable to obtain assistance from us unless the President finds that such assistance will further promote the independence of the recipient countries from international communism—precisely what we are attempting to do in the case of Yugoslavia and Poland.

I hope no one in this House, not any of my colleagues, would for one moment think that I am soft on communism. I will place my record on that point against the record of any Member of the House of Representatives. I am just as firmly anti-Communist, I am just as firmly against Tito as any other Member of this House. But are we talking about aiding Tito? There is no aid promised Tito in the bill before us. I was in agreement with my colleagues on the Foreign Affairs Committee when we wrote in the restrictions on aid to Yugoslavia, and I opposed military aid to Tito. I continue to oppose military aid to Tito today.

Mr. Chairman, we must bear in mind, however, that when we speak of such countries as Poland and Yugoslavia, that we are referring to people who are under Communist domination not by their own choosing. In some respects, the other free world countries are at fault for having allowed these eastern European nations to be subjugated by communism. From our standpoint, therefore, we have at least a moral obligation to ease their plight, to help them regain their liberty. How can we do it? Right now, only through our assistance and related programs.

At one time I questioned any type of assistance to any Communist country. But I modified my position. Let me tell you why. I met numerous people who were escapees and refugees from Poland and other bloc countries and who are

as opposed to aiding the regimes of those countries as I was at the time. Yet they said we ought to find some ways and means to bring aid to the people of those countries so as to give them hope and confidence in our concern for them.

One of the means selected to achieve those objectives was the American-sponsored hospital to help children in Poland, a pediatric hospital, which is presently being constructed in Krakow. This is a very important project—as important as our surplus foods which combat hunger among the Polish people—as important, I say, to the spirit and the will to resist Communist pressures on the part of the people of Poland. We must, therefore, continue these types of projects.

In truth, Mr. Chairman, I believe that the issue before us can be boiled down to a simple proposition:

Are we going to fight the cold war with one hand tied behind our back?

Are we going to declare certain areas of the world—certain countries like Poland or Yugoslavia—as being off limits to us?

Are we going to condemn the countries of Eastern Europe—and other countries which may fall temporarily under Communist domination—to perpetual Communist bondage?

Are we going to tell the Soviet Union, "You can continue to try to subvert the free world, but we are not going to exert any effort for the cause of freedom in any land that comes under your influence or domination?"

This, in truth, is the issue before the House, and I for one refuse to fight communism by having my hands tied behind my back; neither would I tie the President's hands behind his back.

I trust, therefore, that the House will vote down the amendment by Mr. CASEY.

Mr. Chairman, I would like, at this point, to answer a charge made earlier: a statement was made earlier to the effect that we should not sell our surplus farm commodities to Poland and Yugoslavia because those countries, in turn, resell these commodities—or furnish like commodities—to the Soviet Union and other bloc countries.

This is simply not true.

All of our Public Law 480 agreements with Poland and Yugoslavia contain careful and detailed provisions prohibiting the transshipment of the commodities involved to any Communist country. The executive branch has reported to the Committee on Foreign Affairs that they have no evidence whatsoever of any violation of these provisions.

Furthermore, the fact is that Poland in particular, and Yugoslavia to a lesser extent, are food-importing—not exporting—countries.

Poland, for instance, purchases wheat grains and other foodstuffs from the United States as well as from the Soviet Union. This year, in addition to purchasing agricultural commodities from the United States, Poland will purchase an estimated 400,000 tons of wheat grains from the Soviet Union.

According to the executive branch, we have sold the following commodities to Poland since 1957: wheat and flour, feed grains, cotton, tobacco, nonfat dry milk, fats and oils, and rice.

International trade statistics available to our Government indicate that between 1955 and 1960 Poland has not shipped any of these commodities to the Soviet Union.

It is also known that 90 percent of Poland's exports of food and agricultural produce is sold in the West.

As far as Yugoslavia is concerned, since 1954 we have sold the following types of agricultural commodities to that country: wheat and flour; cotton, nonfat dry milk, fats and oils, dry edible beans, and lemons.

Information available to our Government, covering the period through 1960, indicates that Yugoslavia has not shipped these types of commodities to the Soviet Union.

Mr. Chairman, in conclusion, I believe that the adoption of the amendments of the gentleman from Pennsylvania, Dr. MORGAN, and the gentleman from New Jersey [Mr. FRELINGHUYSEN], is vital to the best interests of our country.

I strongly urge the adoption of these amendments.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

(Mr. ZABLOCKI asked and was given permission to revise and extend his remarks.)

Mr. HOLLAND. Mr. Chairman, I would like to express my support for the continuing support to Poland.

It is my firm belief that aid to Poland must be included in this legislation for to discontinue it now would be disastrous. Not only would we be playing directly into the hands of the Soviet Union, but we would also be turning our backs on our own fellow citizens of Polish descent.

There is, in America, no stronger fighter against communism and all it represents than our Polish-Americans; and this is an inherent quality, inbred in these lovers of freedom.

The many members of the Polish National Alliance who reside in my congressional district are living examples of a nationality group devoted to the ideals of democracy. This they learned from their parents, grandparents, and great-grandparents. It is not just recently acquired.

I think it might be very fitting to point out to the Members of Congress, right now, that our Founding Fathers—the architects of our Nation and our own Constitution—used, as a guide and a reference, the first Constitution of an independent Poland, written in 1572.

This nation, as you well know, has since that time been overrun by both the East and by the West. However, that innate love of freedom and democracy has not died during these intervening centuries. It has been driven underground, by force, but it is there continually smoldering.

We cannot, at this time, refuse to aid these people.

We cannot turn our backs on them.

We cannot, by cutting off aid, throw water and extinguish that fire.

Our Polish-American citizens, members of the Polish National Alliance, are ever helping and assisting their relatives and friends who have remained in Poland. They know that only with the additional help furnished by the American Government will there be a chance of that country regaining its freedom.

We must, Mr. Chairman, see that the people of Poland are given every encouragement possible to carry on their fight for independence. Our Nation is pledged to assist those seeking freedom and democracy throughout the world.

We cannot afford to lose the faith such people have in us.

I am sure the majority of Members of this House feel as I do—and will support the necessary provisions which will assure the people of Poland continued aid from us.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. DERWINSKI].

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. GUBSER. Mr. Chairman, I ask unanimous consent to yield my time to the gentleman from Illinois.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. DERWINSKI. Mr. Chairman, all I can possibly hope to do in 3 minutes is to review as quickly as possible the basic facts that we ought to keep in mind. First of all, let us remember that the government of Tito was imposed on the people of Yugoslavia by the force of Soviet arms in 1944. We have no one to thank for that but international communism. The government of Poland was imposed on the people of Poland by the force of Russian arms in 1944. Then, at the very same time that the Polish Underground Army revolted against the Nazis, in Warsaw, the Polish Communist puppet government, hiding behind the protection of the Russian armies stood 50 miles away watching the freedom of the Polish people being destroyed.

There are a number of other points. The gentleman from New Jersey [Mr. GALLAGHER], a member of the committee, made an amazing statement earlier, that a Communist country if independent of international communism is not a menace to the United States and world peace. Communism is bad per se, and the condition of the people of any country now behind the Iron Curtain is not going to be improved or democracy advanced one iota if the government temporarily claims to separate from the Soviet Union.

Another point to remember when we are talking about tying the hands of the President and entering into the Executive's realm, is that one of our great Presidents, Woodrow Wilson, in his famous 14 points of World War I, enunciated a doctrine that has been one of the keys of our foreign policy since then; that is the self-determination of people. The people of Poland and the people of Yugoslavia and the people of any other Communist government do not have the right of self-determination.

Basically the amendments offered by the gentleman from Ohio [Mr. FEIGHAN] and the gentleman from Texas [Mr. CASEY] are sound and should not be subject to restrictive and gutting amendments. Furthermore, as a matter of practical legislative commonsense, what you know will happen and what I know will happen is that when the House passes this bill and we include either the Casey or the Feighan amendment, our conferees and the Senate conferees will sit down and work out language acceptable to the State Department. Ultimately you are going to have a foreign aid authorization bill approved that is not going to have the muscle and the strength of either the Feighan or the Casey amendments.

One other point I want to make and that is that you cannot develop an effective, aggressive, progressive foreign policy and turn around and finance governments which are Communist. As a matter of fact by the Feighan or Casey amendment what you are saying to any people in any country is, "Change your Communist government and we will give you aid." This is implicit in the amendment. We are prohibiting aid to them when they are under the control of communism; we give it instinctively when they free themselves.

In addition, Mr. Chairman, yesterday I delivered to the White House, at the request of the United Serbian Organizations of America, petitions containing thousands of signatures, opposing further foreign aid to the present Communist government of Yugoslavia, and objecting to the rumored official visit of Marshal Tito to this country. The petitions read as follows:

We, the undersigned, Americans of many racial, ethnic, and religious backgrounds consider the possibility of a visit by Yugoslav Communist Dictator Tito to the United States as a humiliating disgrace to the Government and to the people of the United States, for the following reasons:

1. Being a Communist, Tito is a proven enemy of the United States (he killed four of our aviators several years ago), and is an ideological and most certainly a military ally of the Soviet Union in any future conflict.

2. Tito is a Communist tyrant who has killed tens of thousands of innocent people during and after the World War II and still holds thousands of political prisoners jailed, his recent "amnesty" notwithstanding. These prisoners are fighters for freedom and believers in democratic ideals.

3. Tito is a godless man, a doublecrossing agent of world Communist conspiracy, who hates America and everything she stands for.

Therefore, we the undersigned, herewith petition the President of the United States to reject any and all plans for an official invitation of this tyrant, because such an act would be contrary to the interest of the United States of America as well as of the peoples of Yugoslavia and would further perpetuate his regime of tyranny and fear.

Furthermore, we plead with you, Mr. President, to order an immediate stop of all American aid to Communist Yugoslavia and by such an act to give a chance to her oppressed peoples to bring down their hated Communist jailers.

Mr. Chairman, I feel petitions of this nature reflect the tremendous grassroots feeling of the American public on the subject and serve as a vivid reminder of the desire of the American public for the development of an affirmative, effective, imaginative foreign policy, rather than continue along the road to appeasement and dangerous coexistence.

We in the House have a tremendous opportunity, and I believe, an obligation to the American people to prohibit aid to any and all Communist governments. Such aid perpetuates and expands the strength of the Communist system, and works against the long-range interests of the citizens suffering under Soviet-imposed regimes.

I also call to the attention of the Members of the House practical alternatives to the present aid to Communist countries. Yesterday, for example I introduced a bill which would provide for use of our accumulated foreign currencies in Communist countries for direct loans to the owners of private farms, in order to develop private enterprise behind the Iron Curtain. This is the type of program we should develop to advance a firm, progressive, effective foreign policy.

The CHAIRMAN. The Chair recognizes the gentleman from Washington [Mr. TOLLEFSON].

(Mr. TOLLEFSON asked and was given permission to revise and extend his remarks.)

Mr. TOLLEFSON. Mr. Chairman, on yesterday the committee adopted an amendment which in effect would suspend all foreign aid to any country which expropriates American investments without fair compensation. I trust that when the House votes on that particular amendment it is retained in the bill. I think it is time for us to give strong notice to all nations that we expect fair treatment for our citizens from those who are the recipients of our assistance.

The Members are familiar with the attempt by the Brazilian State of Rio Grande do Sul to take over the properties of the International Telephone & Telegraph Co. with only token compensation. We are told that Latin American legislatures are considering legislation designed to take over other American properties. Reference was made in the debate yesterday to expropriation by other countries.

It seems to me that we should not tolerate the practice on the part of some countries of taking our aid with one hand and expropriating American investments with the other. To tolerate such practice would be to earn the title of "Uncle Sucker" for our own country.

For too long a time our foreign policy has had a large element of appeasement in it. It is time for us to firm up that policy. A step in this direction would be the adoption of the amendment.

Mr. Chairman, I rise also in support of the two amendments which seek to eliminate aid to Communist controlled or dominated countries. It seems to me that such aid serves only to build up the strength of the Communist conspiracy which seeks to destroy us. It does not assist the cause of the free world. Of course, we have great sympathy for the enslaved people who must live under the heel of a Communist dictator, but by supplying aid to that dictator we only prolong the day when those people might obtain their freedom.

The arguments that we must have confidence in our President and that we must not tie his hands are not valid in the context in which they have been advanced. The President makes his decisions upon the advice of certain State Department and White House people. It is in these that we do not have confidence.

If the argument about tying the President's hands had real merit then why haven't we over the years simply passed a one-page authorization bill providing $4 billion or so a year for distribution as he saw fit to those nations of the world which he felt needed aid. But we have never done that. We have spelled out the amounts of money and the terms under which he might or night not use it. And that is all that is being done under those amendments.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I feel left out today. The State Department failed to call at my office and leave one of those alleged fact sheets that have been quoted from here today Unlike the Democratic whip who sends me a telegram urging me to be present to vote for the Democrat position, the State Department has overlooked me and I feel neglected.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. HAYS. I say this sincerely. The State Department does not know what a big whip the gentleman carries, and we are going to try to advise them of that.

Mr. GROSS. I thank the gentleman.

These individuals who say they want to cut off foreign aid to the Communists and then offer amendments to provide that someone else makes the decision as to whether it will be done, remind me of the old saying that all of you have heard:

Mother, may we go to swim?
Yes, my darling daughters.
Hang your clothes on a hickory limb,
But don't go near the water.

That is what the Frelinghuysen amendment says and that is what the Morgan amendment says. I intend to support the Feighan amendment, preferably the Casey amendment. I want Congress to say, and mean it, that the time has come to stop supporting these Communist dictators. We have had enough of this expensive pandering. There is no constitutional reason why we should delegate this decision to any President; and I am opposed to any amendment to that end.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. NEDZI].

(Mr. NEDZI asked and was given permission to revise and extend his remarks.)

Mr. NEDZI. Mr. Chairman, this week's debate on the foreign aid bill has again illustrated the wisdom of placing responsibility of conducting foreign policy in the hands of the President. In the nature of things the President is better equipped to handle the intricacies of foreign policy than is a body of 437 men and women which addresses itself to this problem for 3 or 4 days and attempts to anticipate conditions which this policy must meet over the forthcoming year.

In the conduct of foreign policy there are many instruments available to our Government. Some are heavy handed and some are extremely subtle. It does not serve us well to deprive ourselves of every instrument except the meat cleaver.

One unfortunate aspect of this debate is that when we as a nation have to publicly discuss our every motive in rendering certain carefully limited assistance to other nations, the psychological impact of such assistance is diminished. Tact and delicacy are necessary skills in the art of diplomacy. To spell out every possible tangible and intangible benefit arising from our aid to Poland as we have endeavored for all to read in the RECORD, is not diplomacy. It is the antithesis of diplomacy. It does not help our cause.

I recognize that the Members of Congress, as elected representatives of the people, should be informed as to our foreign policy and the elements which comprise our foreign policy. Nevertheless, there are some instances where restraint should be shown.

The foreign aid bill does not direct that aid be given to Poland and Yugoslavia. It merely allows the President the discretion to decide how, when, and whether this aid should be given. In my judgment, the President, whether he be Republican or Democratic, should have this discretion. In either case, I am confident that America's self-interest would be his primary consideration. We should not tie his hands. Rather, we should allow him maximum flexibility and bargaining power to deal with admittedly complex and changing situations as circumstances demand.

The event of 1956 should be borne in mind. The events of that year made clear the fact that the Communist block of nations is not monolithic. The so-called October revolution in Poland, the uprising of Hungary, and the rumbling in the Kremlin itself, put on public display the difficulties which do exist between governments in the Communist bloc.

Our aim, generally, is to play these differences to the advantage of the West. Of course, some benefits will accrue to the Communist governments.

If there were not some benefits to them, we would not be allowed in. But there are advantages for us also. It is the President's responsibility to weigh the advantages and disadvantages—in the short run and in the long run—and to make such adjustments as conditions demand.

Our present aid to Poland is not only pragmatic but it is humanitarian. I, for one, am not ashamed to have elements of humanitarianism in our foreign policy, for this is in the tradition of America. Is it better to have our surplus food rot in warehouses than to ease to some extent the hardships of the Polish people?

The majority of Poles, I am convinced, are not only Western-oriented but they are anti-Communist. Why then surrender our opportunity to continue direct contact with them in a manner which is cautious, judicious, and realistic. What does America benefit if the Western windows of light into Poland are shut off? What does it benefit us to curtail the American presence in Poland? I remind you that we are in Poland and Yugoslavia to an extent that we are not in Czechoslovakia and the other satellite nations.

If the advantages to us are not dramatic in the short run we must remember that we are playing for the long run and what is certain to be a long and difficult contest with Communist tyranny.

If the situation confronting us in the conduct of our foreign policy in Eastern Europe is subtle and sophisticated, then our policy and the instruments in our policy must be subtle and sophisticated. For these reasons, Mr. Chairman, I favor the amendment to the amendment.

Mr. HALEY. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and forty-three Members are present, a quorum.

The Chair recognizes the gentleman from New Jersey [Mr. JOELSON].

Mr. JOELSON. Mr. Chairman, in the brief time allotted to me I merely want to point out something that has not yet been mentioned today, whether or not the Polish people have affection for us, whether they know what we have been doing for them.

I should like to remind you of Vice President Nixon's tour through Poland, when he was literally mobbed, not by crowds with rotten eggs and tomatoes, but by crowds with affection and flowers. I think we should bear this in mind and ask ourselves in this very difficult political and moral issue, What will happen to this reserve of good will if we turn our backs on these people who have demonstrated to us that they admire us and that they have a bond with us.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, I yield to no man in this House of Representatives in my opposition to communism or in my dislike for Tito or Gomulka. But, the simple fact of the matter is that we are in a world struggle and clash with the Communists, and if we do not vest in the leader of the United States, the President and the chief conductor of our foreign policy the discretion to make intelligent judgments in the light of the needs of the United States, then we tie our hands in this life and death struggle. If we do not give the President power to exploit the cracks and splits as they appear in the Communist conspiracy, then we are denying ourselves, perhaps, the principal weapon which we can use in the conduct of the cold war. Let us take a little bit of a look at what is happening by reason of the utilization this weapon of assistance where it serves our purpose.

As a result of our assistance Yugoslavia achieved such measure of independence that Yugoslavia could vote in the U.N. with the United States on the troika proposal of the Russians which might have conceivably destroyed the U.N. since to replace the Secretary General of the U.N. with a troika composed of Communist; neutral, and representative of the free world would have nullified almost any action in the interest of world peace by the U.N. This did not further the Communist world conspiracy.

Yugoslavia voted with the United States on the question of peacekeeping operations by the U.N. in the Gaza strip and voted against the Soviet Union.

Yugoslavia voted with the United States on the atomic testing resolution which was critical of the Soviet Union.

Yugoslavia voted with the United States in the U.N. on the U.N. bond issue and against Russia.

Let there be no mistake. The Government of Yugoslavia and Poland are Communist, the people are not free. They probably will not be otherwise for some while.

But if we deny this weapon to ourselves we may never be able to exploit cracks in the Iron Curtain to free those or any of the other captive nations.

Some freedom of religion exists in these two lands. Peasants own their own lands there in substantial amounts. Some freedom of speech exists in these lands. These things exist nowhere else behind the Iron Curtain. Let us not tell these people we turn our back on their efforts to freedom and self-determination.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HIESTAND].

(Mr. HIESTAND asked and was given permission to revise and extend his remarks.)

Mr. HIESTAND. Mr. Chairman, I rise in support of the Casey amendment and in opposition to the amendment to it offered by the chairman. I believe the Morgan amendment would completely nullify the Casey amendment. Let us not think for a minute that Yugoslavia is going to go into a dither if we do not give them a lot of support.

The World Bank, as of today, has announced a $30 million loan to Yugoslavia to help finance electric power development, which is a regular loan duly secured, and it is a sound loan, albeit of American dollars.

The announcement in the Wall Street Journal came in the midst of a vigorous struggle in the Congress over economic support to Communist countries. But even though the United States is the largest financial backer of

the World Bank, a United Nations affiliate, bank officials said that they doubted the Yugoslav loan would seriously entangle their institution in a Congressional debate. The World Bank's charter, these officials said, expressly forbids it to take political considerations into account in its lending.

Mr. Chairman, this bill would still be a heavy drain on our gold reserve. I mentioned that yesterday on page 12247 in the RECORD, and I hope some of the Members present will read that statement.

Mr. Chairman, I am opposed to the bill as a whole as it is now.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. LINDSAY].

Mr. LINDSAY. Mr. Chairman, I rise in support of the Morgan and Frelinghuysen amendments. I do not know why it is that it is so necessary that Members of the House repeatedly go on record, for home consumption, as being against communism when in the very act of doing so they may inadvertently be aiding communism. Who is not opposed to communism? But why it is necessary for us to take a subject which basically involves a complex international chess game and reduce it to such ultimate simplicity that it is seen totally in black or in white? I think that the Feighan amendment, improved as it would be by the Frelinghuysen amendment, would be sheer disaster.

It seems clear that under the Feighan amendment it would be virtually impossible for the Executive under some circumstances to make Public Law 480 surplus food available to the Yugoslavs or to the Poles, when it would as a matter of strategy be desirable to do so. I think it is a poor amendment, and therefore I support the Morgan and Frelinghuysen amendments.

(Mr. LINDSAY asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The gentleman from New York [Mr. BECKER] is recognized for 1½ minutes.

(Mr. BECKER asked and was given permission to revise and extend his remarks.)

Mr. BECKER. Mr. Chairman, in a minute and a half I would just like to point out one or two things about my amendment. Let me say to those who are talking about help for Poland that we all want help for Poland just like we want help for the Lithuanians, the Estonians, the Latvians, and all the others; but let me remind you that the minister from Poland is now in Cuba and is giving away the very food we are giving the people of Poland—whether or not it is the identical food or their own I could not say, but despite that these negotiations are going on.

Another thing to take into consideration is that this bill is going to provide $4,878 million. Every dollar of this money is borrowed money. We do not have a dime in the Treasury to give to anybody today; we are running deficits, we are running a deficit of approximately $7 billion this year. So where is this money coming from that we are giving away? I will tell you where: We are giving away the money of our children, grandchildren, and great-great-grandchildren. Make no mistake about it. We are putting this burden on them. But we sit here today, willingly and gleefully, calling attention to what wonderful giveaway people we are. We are Santa Claus. We are giving away the money of our children, grandchildren, and great-great-grandchildren, spreading it all over the world. Money we do not have.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. MOORHEAD] is recognized.

(Mr. MOORHEAD of Pennsylvania asked and was given permission to revise and extend his remarks).

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, it was said on the floor today that the purpose of the Foreign Aid Act is to buy friendships. If this were true I would not support any of the bill because I know that we cannot buy friends anywhere in the world, including Yugoslavia and Poland.

No, Mr. Chairman, among nations friendships are ephemeral. I fought in World War II. One of our allies was Russia, and our enemies were Germany, Italy, and Japan.

The only constant factor for us to consider is the interest of the United States. In 1848, in England Lord Palmerston said:

> We have no eternal allies, and we have no perpetual enemies. Our interests are eternal and perpetual, and those interests it is our duty to follow.

It is in the interest of the United States to do everything possible to break up the Communist bloc. The President of the United States is in a far better position to determine whether a limited amount of aid to Yugoslavia and Poland will be in accordance with this eternal interest of the United States.

I support the Morgan amendment and the Frelinghuysen amendment.

The CHAIRMAN. The gentleman from Missouri [Mr. CURTIS] is recognized.

(Mr. CURTIS of Missouri asked and was given permission to revise and extend his remarks.)

Mr. CURTIS of Missouri. Mr. Chairman, this is a basic foreign policy decision. I want to point out that there is not a constitutional question involved. In my judgment, Congress has the ultimate decision on foreign policy; it has the power to declare war, and certainly we properly have a concern on anything leading up to it.

What is the policy decision? Shall we give aid to countries with Communist governments? A legitimate and good reason appears to be because we might be able to split the Communist bloc.

What are the reasons against it? The Communist governments wherever they exist are not by the consent of the governed, but are imposed by oppression and force. To help the people of Communist countries we must not at any time give assistance to the Communist government that is saddled on their backs.

This is a legitimate area of disagreement, a legitimate area for the Congress to make a decision. In my judgment, we should exercise this policy decision here in Congress and tell the Executive as a matter of policy we do not believe it is wise to aid Communist governments.

Mr. Chairman, under permission to revise and extend my remarks, I wish to place in the RECORD my remarks of June 16, 1959, during debate on the foreign aid authorization bill of that year.

Regrettably all the points I made then remain unconsidered and not acted upon to this date. The committee report and debate this year demonstrate again the complete lack of study and basic theory in this program.

Until we start doing our homework our foreign aid program will continue to be costly and largely ineffective, indeed if not damaging, to our Nation.

The remarks follow:

Most complicated subjects, and certainly foreign aid is complicated, come within the jurisdiction of several committees. One place where the subject matter itself may be made whole again after its Balkanization, is on the floor of the House during debate. Giving an opportunity for those on committees which study certain aspects of the subject, to participate in the debate will help.

The Ways and Means Committee, for example, has within its jurisdiction the Reciprocal Trade Act which covers the basic aspects of the problems of foreign trade. Does the Foreign Affairs Committee believe it can properly consider the subject of economic or military aid apart from the subject of international trade and trade balances and all the economic evaluations that must go into this study?

The Ways and Means Committee has within its jurisdiction the Western Hemisphere Trading Act which many seek to extend to the entire world. This involves the question of how we tax American capital investment that goes abroad. Does the Foreign Affairs Committee believe it can properly consider the subject of economic and military aid apart from the subject of American private investment abroad?

The Banking and Currency Committee has within its jurisdiction many subject matters that are important in evaluating the problems involved in the mutual security program. The Agriculture Committee with Public Law 480 is involved. The Joint Economic Committee deals with certain aspects of the problem which are important, not the least of which is its evaluation of Russia's economic capabilities. The Armed Services Committee, the Committee on Interstate and Foreign Commerce as well as other committees deal with certain aspects of this important and complicated subject.

The gentleman from Florida in closing the oral debate on this important legislation, and an admirable job he did, asked the rhetorical question. What more can we do than improve the program each year as we have been?

I think the answer is clear. Start consolidating the multifarious programs we have that relate to the countries abroad. One way would be to promote a little liaison between the various committees of the Congress that deal with various aspects of the same matter.

For example if it is to be trade not aid, let us start relating the various programs we have which relate to international trade with those which relate to aid. If we say loans instead of grants, let us start relating the various programs which promote loans with those which deal with grants. If we say private enterprise rather than Government

aid—people to people—let us start relating the private programs to the governmental programs.

Now I stated that I was going to pose some questions to the committee in my extension of remarks in the hope that when I get time under the 5-minute rule the committee may be able to answer the questions. These questions relate largely to the fiscal aspects of the entire subject of our foreign relations, not just the fiscal aspects of what is called the mutual security program:

1. What has been the increase or decrease in trade in dollar amounts between the United States and the individual recipients of aid under this program in the past year? Has trade increased or decreased?

2. What has the increase or decrease of American private investment been in these countries in the past year, in dollar amounts?

3. What has been the increase or decrease in gross national product of these countries? And in per capita gross national product?

4. How much offshore procurement—in dollars—has there been last year in each of these countries? Has it been increasing or decreasing over a period of the past few years?

5. How much did private U.S. banks lend to investors in the economic endeavors—also social and political endeavors—of these countries?

6. How much did the Export-Import Bank lend last year and what are the balances and record of payment? The same question in regard to the International Bank for Reconstruction and Development?

7. What is the ratio of Development Loan Fund loans to loans received from other free world sources?

8. Has the Development Loan Fund, indeed, served the purpose of cutting down the requests for outright grants as it was intended to do? Congressman FORD testified earlier this year that this had been the the case. What did the committee find the dollar figures to be on the cutback? In relation to the amount of loans?

9. The committee's report on the operation of the investment guaranty program is ambiguous. On page 44 the committee states that only $160 million out of $500 million remains available and applications now exceed $1 billion. Yet on the very next page the committee quotes, I suppose with approval, the statement of the chief of the investment guaranty division, as follows:

"It is our belief that the war risk guarantee, to make any appreciable contributions to the stimulation of private investment, should be broadened to include revolution, insurrection, and civil disturbances arising therefrom."

Well, a program that attracts a $1 billion backlog certainly sounds like one that is making an appreciable contribution. If the division chief thinks $1 billion is not an appreciable contribution I believe the committee and the Congress should have some idea what he thinks the adjective "appreciable" means. $20 billion?

10. What is the total amount of Public Law 480 funds that are presently available for the same purposes listed in the mutual security bill? The committee report seems to list only those funds obligated. What the Congress needs to know is what funds have been generated and how much agricultural surplus there is available that might reasonably be generated into Public Law 480 funds in the ensuing fiscal year?

11. What is the total amount of counterpart funds available for these programs? Again the committee seems to report those which have been obligated, not those which are available? What additional counterpart funds—if any—are still generated and might be generated in the ensuing fiscal year?

12. What are the unobligated balances previously appropriated for this program? The obligated but unspent funds are listed but it is hard to figure the unobligated balances.

13. What are the dollar balances of trade of the countries benefiting under this program?

14. On page 64 of the report the committee devotes a paragraph to "Use of Excess Government Property for Economic Assistance," and states—

"There is now authority to utilize excess property under the act either by purchasing it at the price established in accordance with law by GSA or the holding agency, or possibly in special circumstances at no cost in accordance with applicable regulations."

Now we are talking about sizable sums when we get into surplus property. We have been disposing of around $7 to $8 billion of surplus property generated by the military establishments a year for several years. In the report of the Appropriations Committee on the military appropriation bill this year it was stated that there is about $26 billion of surplus property waiting to be disposed of in the Military Establishment. We have been averaging about 8 cents on the dollar on the property sold.

Just how much surplus property in dollar value does the Committee think might be channeled into the foreign aid program for this fiscal year? A couple of billion or maybe only a few hundred million?

It is obvious, from the few questions I have posed, the work that must be done in order for us to get on top of our foreign aid programs. Right now we have no reasonable idea whether we are promoting trade not aid, loans instead of grants, whether we are building economies abroad or damaging them. We are completely bogged down in a miasma of sentimentality.

If we really want to help people abroad and cope with the dynamism of international communism we had better start getting our accountants into the act to replace our Lady Bountifuls.

On June 30, 1955 I took the floor of the House during the debate on the mutual security authorization bill—page 8273, CONGRESSIONAL RECORD. I have reread what I said then and I regret that it remains largely true today. This program is still fiscally irresponsible. "It hurts badly the cause of fiscal responsibility for which I hope we are still working; it hurts the cause of a balanced budget; it hurts the possibilities of a tax reduction; and, to reiterate, it badly hurts the very program it seeks to advance."

Every year except 1955 I have voted for the mutual security authorization bills to express my accord for the objectives of the program. Each year just as consistently I have voted against the mutual security appropriation bills when it became apparent to me that the Appropriations Committee was not going to put the fiscal responsibility into the program that I thought was needed.

This year it looks as if I shall vote to recommit this bill to the committee in the hopes that some sense can be made out of the tangled mess. In my judgment we still need a program which will meet the stated objectives of the mutual security program, but this bill I am afraid, will damage rather than help these objectives.

Mr. Chairman, now, in 1962 we have added to these points the balance-of-payments problem which has now caught up with the United States. Our private trade balances are good, our private foreign investment portfolio is sound; in fact these are are areas of strength in our international economic posture. The foreign governmental aid programs are based upon and limited to these strengths.

Very obviously we can no longer afford a foreign aid program of the size set out in this bill. We are undermining the very strengths which would support reasonable foreign aid programs in the future.

The economies, consolidations and directions I pointed out as highly desirable in 1959 are now imperative in 1962. We can have a foreign aid program which would amply meet our needs in international affairs but to have it we must do our homework. This bill should be recommitted and a proper one worked up. The Congress should remain in session until this is done.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. PUCINSKI].

(By unanimous consent, the time allotted Mr. BOLAND, Mr. YATES, and Mr. O'HARA of Illinois was given to Mr. PUCINSKI.)

Mr. PUCINSKI. I yield to the gentleman from Massachusetts [Mr. BOLAND].

Mr. BOLAND. I thank the gentleman from Illinois.

Mr. Chairman, I rise in opposition to the Feighan amendment. This amendment would scuttle any assistance to Poland and Yugoslavia. It would tie the hands of the President of the United States in dealing with these two countries. It would substitute the judgment of the Congress for that of the President in the field of foreign policy. It is a clear and emphatic interference with the constitutional prerogatives of the executive department of the Government of the United States.

Mr. Chairman, I firmly believe that the President of the United States should be given discretionary power in this legislation. The amendment proposed would deprive the President of the flexibility necessary for the effective conduct of foreign policy. It would restrict the executive branch, charged with the conduct of the Nation's foreign policy in providing limited, nonmilitary assistance to countries such as Poland and Yugoslavia when it is in our national interest. Under the present law, no aid can be extended to Yugoslavia unless the President determines that: First, Yugoslovia continues to maintain independence; second, Yugoslavia is not participating in any policy or program for the Communist conquest of the world; third, the furnishing of assistance is in the interest of the U.S. national security.

This discretionary authority was granted to former President Eisenhower by the Congress. President Kennedy merely seeks a continuation of this authority.

AID TO POLAND

Mr. Chairman, I have been deeply distressed by mounting opposition to further aid to Poland. There is ample evidence that assistance extended to Poland during recent years has benefited the Polish people. It has helped to maintain a bond of friendship and sympathy between the people of Poland and the people of the United States—many of whom are of Polish descent and have relatives in Poland. At the same time, it has tended to lessen Poland's dependence on Moscow.

Our program of aid to Poland has been a bipartisan commitment.

Indeed, this program has been an American commitment to the Polish people who by a remarkable display of courage and willpower have managed to establish some measure of independence from Moscow and have succeeded in demanding for themselves a broader range of internal freedom.

What are the basic political facts of our aid program to Poland?

We are not, first of all, deluding ourselves that the Gomulka regime will somehow be magically transformed into a democratic government. But what we do know is this: that since 1956 Gomulka has relaxed internal tensions in Poland and that he has permitted some measuer of internal freedom. This was, of course, a political necessity: he had to do it in order to win at the very least the reluctant support of the Polish people in his struggle for political survival. At the same time Gomulka established a new relationship of quasi-independence in Polish-Soviet relations which effectively weakened what appeared to be a monolithic Soviet bloc of unified, tightly organized, and rigidly controlled states.

In a word, Gomulka was forced to compromise with the Polish people, and in so doing he inevitably turned loose forces—deep-rooted anti-Communist forces—that in the long run might well prove to be beyond his control.

Let me stress one of these forces: Polish catholicism.

One of Gomulka's first acts during the critical weeks late in 1956 and early 1957 was to release Cardinal Stefan Wyszynski from prison and restore many of the religious freedoms denied the Poles under the previous Stalinist regime. During the next 5 years Cardinal Wyszynski made the Roman Catholic Church in Poland the rallying point for Polish nationalism and Polish resistance to communism. In a word, he made the church the conscience of the nation. And in so doing he proved himself to be a vigorous, courageous leader, indeed a genuine hero of our times. Cardinal Wyszynski has never ceased to meet the regime in open conflict in his efforts to protect, retain, and, where possible, expand the area of religious freedom. And this he has done in defiance of the regime's asserted political power.

This is only one example of the desperate assertion of freedom that manifests itself now and then in Poland. This is only one of the powerful forces that stir in Poland today. And, this is one of many factors that has made Poland an "in between" nation-state in the configuration of international politics today.

Mr. Chairman, I would like to read telegrams I have received from Polish organizations in my district and State protesting this amendment:

Congressman Edward P. Boland,
House of Representatives,
Washington, D.C.:

It is important for the United States to maintain contact with the people of Poland who occupy a key position in East Central Europe and their resistance against communism. We urge you to vote against Senate amendments in foreign aid bill restricting President's authority to provide help to Poland whenever he finds this to be in the interest of the United States.

St. Michael's Society, Polish National Alliance Lodge 717, Polish Pulaski Club.
Easthampton, Mass.

We earnestly ask that you support further aid to Poland. This is not time to abandon the Polish people.

Anna Januszewski,
Eighth District Chairman, Polish Women's Alliance of America, Dorchester, Mass.

Mr. Chairman, the Polish people have been extremely friendly to the United States. Many of them are coming to this country to visit with their relatives living in my congressional district. Others have been fortunate and have come here permanently to join their loved ones who emigrated to our shores decades ago. They are deeply religious people and vehemently anti-Communist. They are aware of the great benefit our assistance has been in their determination that the Polish people will remain free and independent of the yoke of the Soviet Communist regime. We cannot and must not let them down in this historic struggle. We can help by defeating this amendment this afternoon.

(Mr. BOLAND asked and was given permission to extend his remarks at this point in the Record.)

Mr. PUCINSKI. Mr. Chairman, I rise in support of the Frelinghuysen and Morgan amendments.

I rise in support of these amendments, not only because of my own firm judgment that these amendments would help speed the ultimate collapse of international communism but also because of the judgment of many other people.

I should like to tell the Members of the House that the Polish-American Congress, which has chapters in 33 States, representing some 7 million Americans, firmly supports the program of continued help to the people of Poland. The Polish National Alliance, representing American citizens in some 38 States throughout the country, is for this program. The Polish Woman's Alliance and the Polish Roman Catholic Union are in favor of it. Neither one of these organizations has to take a back seat to anybody in their violent opposition to the Communist regime that now holds some 30 million Polish people enslaved in Communist bonds. But these responsible, reputable organizations, despite their strong denunciation of the Communist regime in Poland, support continued aid to the people of Poland because they know the program will result in ultimately bringing freedom to these people. These responsible American organizations know how to distinguish between the people of Poland—who are victims of communism—and Poland's Communist rulers. These organizations know that continued help to the people of Poland strengthens the bonds between these people and America. You can be certain that should a showdown come with Russia, the people of Poland would be solidly on our side—the side of freedom and justice.

Let me tell you what the amendments offered by both the gentleman from Texas [Mr. Casey] and the gentleman from Ohio [Mr. Feighan] would do if adopted without the Frelinghuysen-Morgan perfecting amendments.

First of all, they would bar sending any CARE food packages to any country behind the Iron Curtain. The CARE program has been one of the most successful programs this country has ever had. It is a program paid for voluntarily by American people out of their own pockets. They make these $1 contributions, and they send these packages to people behind the Iron Curtain. They would also stop the completion of the Children's Hospital in Krakow which this Congress has approved and which is being built in Krakow, Poland, with counterpart funds. What a monument it would be to American charity for Mr. Khrushchev to say cynically that these wealthy Americans are going to deny to the children of Poland the completion of this hospital. Khrushchev could make such an arrogant boast if we fail to approve the Frelinghuysen-Morgan amendments to the Casey amendment.

It is even entirely conceivable, in my judgment, that the 40 percent of Americans who have relatives in Iron Curtain countries could not send any packages of their own to these relatives if either one of these amendments were adopted without the perfecting language of the Frelinghuysen-Morgan amendments.

I am talking about packages that American citizens buy in the grocery stores, wrap together and send to their fathers and mothers and relatives behind the Iron Curtain.

Under the gunshot approach of those two amendments offered by the gentleman from Ohio [Mr. Feighan] and the gentleman from Texas [Mr. Casey] we conceivably could interrupt that program.

Mr. Chairman, I say to you this is a time for logic. Nobody can quarrel with the statement made by the gentleman from Texas [Mr. Casey] or the gentleman from Ohio [Mr. Feighan] that we consider Gomulka and Tito despite Communist rulers. But that is not the issue here today. The issue is whether the President shall continue to have authority to exploit ever-growing weaknesses in the Iron Curtain for the benefit of the United States and freedom.

A Polish trade mission has been cooling its heels in Washington since the spring of 1961. This administration and the previous administration has held up further economic aid to Poland, and I hope this trade mission continues cooling its heels until the Polish people again regain their freedom. I was the first one in 1961 to state right here in the well of the House—shortly after Premier Gomulka attacked the United States—that the patience of the American people was not inexhaustible, and that Gomulka must assume full responsibility if the United States suspends any further aid to the people of Poland. Thus, no assistance has been given Poland since that time and we have not provided for any aid in this bill.

If you will read the amendments offered by the gentleman from New Jer-

sey [Mr. FRELINGHUYSEN] and the gentleman from Pennsylvania [Mr. MORGAN] this clearly establishes the doctrine that we will give assistance to the victims of communism only when the President has demonstrated to the Congress of the United States that such assistance is vital to the security of the United States, that the recipient governments are not controlled by the international Communist conspiracy, and that such assistance will further help the people of that recipient country get rid of their Communist rulers.

Now, if you really want to do something to free these 180 million victims of communism behind the Iron Curtain today, I say have the courage to support the FRELINGHUYSEN-MORGAN amendment and then proceed to vote on the CASEY amendment.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. PUCINSKI. I yield to the gentleman from New York.

Mr. BARRY. I want to say that I, too, have visited with various Polish groups throughout the country and confirm what the gentleman has just said to this body.

Mr. PUCINSKI. If the gentleman will permit, the chairman of the House Committee on Un-American Activities, the gentleman from Pennsylvania [Mr. WALTER], most eloquently stated the case when he said that there is nothing Mr. Khrushchev would like better; no greater victory could be handed to him, than to divide the hopes of the people behind the Iron Curtain with those aspirations of Americans to ultimately free them from Communist rule. I associate myself with the gentleman's remarks. And, may I say, as chief investigator of the Katyn Massacre Committee, which in 1952 wrote the first indictment against the Soviet Union, charging them with the mass murder of 15,000 allied soldiers in World War II, I take a back seat to no one in my violent hatred for the Communists, and these organizations I mentioned, the Polish-American Congress and the Polish-American Alliance, as well, take a back seat to no one. But we feel these unfortunate victims of communism behind the Iron Curtain can best be helped to regain their freedom by continuing to give the President authority to determine under what conditions can continued American assistance help them regain freedom.

I hope the amendment is adopted.

(Mr. YATES asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. YATES. Mr. Chairman, the gentleman from Illinois [Mr. PUCINSKI] has made a most impressive statement. He has clearly and emphatically pointed out the hamstringing effect which the amendments offered by both the gentleman from Texas [Mr. CASEY] and the gentleman from Ohio [Mr. FEIGHAN] would have upon our foreign policy. If either amendment were adopted, it would destroy the flexibility which the President of the United States so vitally needs to counteract the Communist threat in the important European theater.

Mr. Chairman, from some of the speakers, one gets the impression that all that is involved in this debate is a question of standing up to be counted on the basis of being for or against communism. Nothing is further from the truth. No Member of this body is for communism, or the Communist cause. All of us look to the day when the Communist threat to the free peoples of the world shall have been extinguished. The real question presented today, as it is every day, is how best to oppose the Communist threat.

Yes, we can vote for these amendments and stop all assistance to the Communist-dominated countries. We can, by accepting the amendments of the gentlemen from Texas and Ohio build a wall along the borders of Yugoslavia and Poland, between these countries and our own, sealing off these people from contact with people of our country and locking them into Russia. That is exactly what the amendments of the gentlemen would do. All sympathetic contact with the free world, all tangible assistance of any kind would be prohibited. Even CARE packages and packages from relatives could no longer be sent. The Iron Curtain would truly become impenetrable.

The people of the satellite countries would be forced to look to Russia completely for their survival.

The gentleman from Ohio argues that prohibition of aid might spark revolt in all of the Communist satellite countries. How could such a revolt possibly succeed if all hope of assistance from the United States were extinguished, which would be the case if the gentleman's amendment were to prevail. It is argued that this is not the gentleman's purpose—that the amendment is not intended to be so inflexible. He speaks of legislative intent. Legislative intent by a discussion on the floor is not in order where the words of the amendment are so clear and all inclusive that no explanation is needed to determine their meaning or effect.

These people have not given up their struggle for independence and freedom. The Poles particularly will not accept atheistic communism. They are very much interested in America and American ideas. The visit of our Vice President 2 years ago gave them an opportunity to show their affection for the people of America whom the Vice President represented—and their response was overwhelming.

On the important question of religion, too, the Polish people continue to maintain their ancient allegiance to the church. The church maintains a nationwide program of religious education for children, as well as a Catholic university and seminaries. Cardinal Wyszynski, the Polish primate, recently traveled to the Vatican and received a diplomatic passport from the Polish Government. The Government recognizes a number of religious holy days as national holidays.

Mr. Chairman, we must have patience and wisdom if we are to win against the Communists. It is easy to become emotional. This has been a longtime program, but the problem of dealing with the Communist threat is not an easy one, and will not be disposed of quickly. We must not curtail our ability to deploy our strength. The President, as Chief Executive of the Government, must be given wide latitude and freedom with which to employ a wise, aggressive, and flexible foreign policy.

Will these amendments serve the best interests of the people of the United States? I do not believe that they will. I believe they would be injurious to our national interest, and I urge their defeat.

The CHAIRMAN. The Chair recognizes the gentleman from Washington [Mr. PELLY].

(Mr. PELLY asked and was given permission to revise and extend his remarks.)

Mr. PELLY. Mr. Chairman, yesterday I offered an amendment to prevent the use of receipts from loans under the Alliance for Progress without further action by the Congress. The amendment I refer to was an anti-back-door spending provision to eliminate short-circuiting of the regular annual appropriation process. Instead, under my amendment receipts from loans would have returned to the U.S. Treasury and stayed there unless an appropriation was made in accordance with the Constitution.

After I offered this amendment my colleague from Michigan [Mr. MEADER] sought recognition and raised an issue as to the effect of the amendment. He said that by striking the first nine lines on page 8 it was his understanding that we would be removing a limitation upon the backdoor spending of receipts by the Development Loan Fund from repayments of loans. In other words, he asked as to whether by adoption of my amendment the committee would not be enlarging rather than limiting backdoor spending under existing law.

The gentleman from New Jersey [Mr. GALLAGHER], a member of the Committee on Foreign Affairs, thereupon stated that he was absolutely correct. He said the amendment would enlarge the scope of money usable for other purposes.

Later, after the vote Mr. Chairman, the matter was checked by myself and the gentleman from Michigan [Mr. MEADER] and we found that the gentleman from New Jersey [Mr. GALLAGHER] had given an answer which was not correct. I know that this was not intentional, however, the net result was that Members became confused and as a result my amendment was defeated. Actually my amendment would have prevented the reloaning of repayments of some $600 million of loans under the Alliance for Progress without a regular appropriation.

Mr. Chairman, I can only say that I regret very much that this confusion existed because I believe the majority of the Members of the House are unalterably opposed to back-door spending and had they not been confused my amendment would have been adopted. A majority of Members, I am sure, favor a regular annual review of all expenditures.

I mention this, Mr. Chairman, because I wish to call it to the attention of the

Members so that when the appropriations bill comes to the House this situation will be remembered. In other words, I hope that in the appropriations bill there will be language limiting the reloaning of any repayments on the $600 million.

Now, Mr. Chairman, if I might briefly discuss the bill. First, let me say that I strongly support the Casey amendment; or even better the Feighan substitute, both of which would stop aid to Communist countries. I oppose the Morgan and Frelinghuysen amendments; these two amendments would simply allow the State Department to continue, as in the past, to recommend aid to Communist countries.

The question has been raised as to the constitutional right of the President to conduct our foreign affairs. I would not want to interfere with any such authority but certainly no one can question the constitutional right of the Congress to appropriate funds to whatever countries the representatives of the people feel should be assisted. Therefore, I do not support any amendments to give the President discretion over aid. I think the State Department has and will continue to take advantage of this discretion and continue, as in the past, to strengthen our enemies.

Mr. Chairman, when this legislation comes to final passage, for the first time since I have been in Congress I will be compelled to vote against a foreign-aid bill. I have always voted to reduce the amount of foreign aid but I have always voted for foreign aid.

In this instance, in excess of $6 billion remains unspent from previous years. In addition, I think there is plenty of authority to appropriate more, or at least as much as we can afford, without passage of this bill. This bill would authorize $4.6 billion more.

Since I voted against increasing the debt ceiling and since I have continually advocated cutting down on Federal spending, I do not see how in good conscience I can vote for this $4.6 billion. I think the $7 billion deficit which we had last year plus the estimated $4 billion deficit for this year is very serious. If a tax cut is imposed on top of this $4 billion deficit we could end up a year from now with another $12 billion in the red.

Therefore, Mr. Chairman, I urge the defeat of this bill and shall so vote.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. WRIGHT].

(Mr. WRIGHT asked and was given permission to revise and extend his remarks.)

Mr. WRIGHT. Mr. Chairman, this amendment surely expresses the wish of the American people. Certainly Americans do not want any part of their tax money spent to assist Communist countries. Clearly the Congress would be derelict if it failed to provide such a prohibition against aid to such countries.

A clear expression from the Congress at this time should help and not hinder our efforts to split these satellite countries from the Communist bloc. We must make it clear to them that if they want our assistance they must demonstrate by deeds as well as words that they are truly independent of the Russian domination. We must never leave the impression that the way to elicit our assistance is to oppose us. An impression of that kind could only leave us open to attempted blackmail. That would be the worst thing we could do.

Such a statement from the Congress is needed at this time, and I hope it will pass overwhelmingly. In this way we can send the word throughout the world that, while we wish well to all men, there is a limit to our beneficence, a limit to our patience, and that such help as we have to give will be given to our friends.

The CHAIRMAN. The Chair recognizes the gentleman from Florida [Mr. CRAMER].

(Mr. CRAMER asked and was given permission to revise and extend his remarks.)

Mr. CRAMER. Mr. Chairman, I take this time for the purpose of first stating that it is going to be my intention to offer an amendment at a later period to this section, in view of the fact that previously Congress passed an amendment providing for authority in the President for a trade embargo on Cuba, to put that statement of principle and purpose in effect by also giving him the authority to cut off dollars and other things of value going to Cuba in the way of indemnity or ransom, meaning the $62 million which Castro is demanding for prisoners rather than tractors.

But, I take this time to ask a question with regard to the pending amendment. No. 1: As I understand, the Feighan amendment involves and prevents aid under Public Law 480 foodstuffs whereas the Casey amendment does not; is that correct?

Mr. BARRY. That is correct.

Mr. CRAMER. I also understand that neither one of these amendments nor the amendments to the amendment would accomplish the objective that I just mentioned of cutting off directly or indirectly moneys or other things of value going to Cuba or Castro in the form of indemnities or ransom; is that correct?

Mr. JUDD. If the gentleman will yield; any money from this bill could not be used for indemnities or ransom, unless the President exercised the waiver already voted. I do not know any place he could get dollars for that purpose except from the contingency fund in this bill, so I presume such payments could not be made.

Mr. CRAMER. And is it true that neither of these amendments prevents the sending of any CARE packages, as the gentleman from Illinois [Mr. PUCINSKI] implied, to Poland or Yugoslavia? None of these amendments would prevent CARE packages being sent to these countries?

The CHAIRMAN. The time of the gentleman from Florida has expired.

The gentleman from Ohio [Mr. Bow] is recognized for 1½ minutes.

Mr. BOW. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman from New York [Mr. GOODELL] is recognized for 1½ minutes.

Mr. RIEHLMAN. Mr. Chairman, will the gentleman yield?

Mr. GOODELL. I yield to the gentleman from New York.

Mr. RIEHLMAN. Mr. Chairman, I ask unanimous consent to extend my remarks following those of the gentleman from New York [Mr. GOODELL].

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

(Mr. GOODELL asked and was given permission to revise and extend his remarks.)

Mr. GOODELL. Mr. Chairman, I have taken this time because I think that the Feighan and the Casey amendments should be clarified in one respect. I do not believe intentionally, but I believe that it has been implied here that if a rebellion developed in Yugoslavia or in Poland the Feighan amendment and the Casey amendment would prevent us from giving aid to the rebels. It is my understanding, based upon the reading of them, that these amendments would bar aid to countries that are members of the Warsaw Pact or who are Marxist and Leninist, and the rest of the requirements. Would rebels fighting in these countries against their Communist regimes be eligible for our aid? I presume it is Mr. FEIGHAN's intention that aid, under his amendment, could go to such rebels. Is that correct?

Mr. FEIGHAN. If the gentleman will yield, that is absolutely correct as far as my amendment is concerned.

Mr. GOODELL. As a matter of legislative history, that is certainly the intent of the gentleman's amendment?

Mr. FEIGHAN. If the gentleman will yield further; yes.

Mr. GOODELL. There is one other point which I wish to bring up, and which I would like to get clarified: Certainly under this amendment it would not bar relatives from going to our stores and buying food and sending it to their relatives behind the Iron Curtain, would it? I ask that question of the author of the amendment, the gentleman from Ohio [Mr. FEIGHAN].

Mr. FEIGHAN. If the gentleman will yield further, absolutely not. It would not stop CARE packages that do not include——

Mr. MORGAN. Oh, yes; it would.

Mr. FEIGHAN. CARE packages that have Public Law 480 products in them; yes, but not packages that are given through the free generosity of the American people themselves.

Mr. GOODELL. In other words CARE packages which are privately financed and privately purchased and sent over, would not be affected?

Mr. FEIGHAN. They absolutely would not be.

Mr. GOODELL. In other words, sending relatives behind the Iron Curtain such packages would not be affected?

Mr. FEIGHAN. No.

Mr. CONTE. In regard to the CARE packages we now pick up the ocean freight. Under this amendment that would be cut off?

Mr. FEIGHAN. That is correct, but only insofar as the shipment of CARE packages to Communist regimes is concerned.

Mr. GOODELL. In other words, Government aid for transportation of CARE packages would be cut off by the Feighan amendment only to the extent that those packages were being shipped to Communist regimes.

Mr. RIEHLMAN. Mr. Chairman, I definitely feel that we need to place some restrictions on the extension of economic assistance to countries controlled by Communist and Marxist regimes. It is my firm conviction that dollars pumped into these regimes serve only to strengthen the hand of their rulers and further discourage and oppress interior democratic forces. I do believe, however, that the President must have some flexibility, some latitude, in the administration of this program so that if a situation ever should arise where it was felt vital to our interests that some form of assistance be made available his hands would not be tied.

I believe the amendment offered by the gentleman from Texas [Mr. CASEY] as amended by the amendment offered by the gentleman from Pennsylvania [Mr. MORGAN] will place the necessary restrictions on this form of assistance and at the same time give the President the desired flexibility. So I will support the amendment of the gentleman from Pennsylvania with the thought that this body's concern about economic assistance to Communist countries, particularly Yugoslavia and Poland, will be weighed very carefully at the White House and at the State Department when that type of assistance is under consideration.

I hasten to emphasize my belief that the people of these countries, not their rulers, will be allies of the West in the long run. I do not believe that Tito and Gomulka can ever be counted on to sever their ties with Moscow or even to make any significant move away from the Soviet orbit. The people who live under the iron fist of their dictatorships may one day force a significant break in the chains that bind them to the Kremlin, but we will only be prolonging their emergence from slavery by giving sustenance to their dictators. I am willing, however, to give the President the flexibility to act in this area when such action is felt vital to our interests.

The CHAIRMAN. The gentleman from Minnesota [Mr. BLATNIK] is recognized for 1½ minutes.

(Mr. BLATNIK asked and was given permission to revise and extend his remarks.)

Mr. BLATNIK. Mr. Chairman, 1½ minutes is not very much time in view of the very able arguments which already have been presented on both sides. It might be helpful, however, to briefly summarize the reasons for having undertaken aid to Yugoslavia, and later Poland.

The primary purpose for aid to these two countries from its inception has been to serve American national interests. Our national interest through this aid has been served in several ways: first, independence movements within the Soviet bloc are encouraged to maintain their vialibity; second, it probably has encouraged further factionalism within the Soviet bloc; and, third, it is concrete evidence of our continued commitment to the forces of national independence from Soviet power. Besides, we will not have much if our objectives are not fully achieved, but will have gained substantially should the goals of this aid be only partially achieved. This course of action has been bipartisan; it was initiated by President Truman, earnestly carried on by President Eisenhower and now continued under President Kennedy. Continued commitment by the United States and its allies to keeping the door open to these two countries will likely bring about in greater measure positive advantages in the future.

Mr. Chairman, the question is what does the Casey amendment or the Feighan amendment offer by way of gain? I say and submit to the Members of the Committee that we have nothing to gain and much to lose.

Mr. Chairman, in conclusion, it is rather ironical in this era of fast-moving change and advance, with Telstar up above us, which within a period of 24 hours has made an increasingly small world much smaller and assured that we will be able to look into the backyard of those in far-off lands via television, radio, and telephone, that we might turn back the clock on the diplomatic and economic front, thwarting the promise of this threshold in effective world communication.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. BALDWIN].

Mr. BALDWIN. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Ohio [Mr. FEIGHAN]. With regard to the discussion as to whether the aid now being given by the United States to Communist countries is viewed with favor by Mr. Khrushchev, a rather significant column appeared just a week ago in the Allen-Scott Report, a nationally syndicated column by Robert S. Allen and Paul Scott. Let me quote from that report:

> Cuban dictator Fidel Castro is under direct and explicit Kremlin orders to make two immediate far-reaching changes in policy.
>
> * * * * *
>
> Castro has been bluntly told that Premier Khrushchev considers U.S. economic aid urgently essential for Iron Curtain satellites, and no obstacles to their getting it are to be permitted.
>
> Poland is seeking an additional 1.5 million tons of U.S. wheat and barley, as well as other economic aid. Other satellites also want assistance.
>
> It is apparent that Castro's swashbuckling antics and bombastic tirades are viewed by Moscow as a hindrance to wangling much-needed U.S. food and goods, and the Cuban dictator, in effect, has been ordered to "pipe down."

I have not read any refutation of the facts stated in this column. If they are true, and there has been no refutation of them, then it indicates very clearly that our aid is playing into the hands of the Communists, and I think we can find better places for our funds than to help Communist countries.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Chairman, there may be some in the House today who have the impression that under the program for the coming fiscal year there is no money possible for Yugoslavia. Such is not the case. I have in my hand the "classified" volume which is available to all Members of the House, and if Members care to do so they can note that there is money, the amount of which I shall not disclose because it is classified, for loans that may be made to Yugoslavia in this fiscal year.

Mr. MORGAN. If the gentleman will yield, there is money for programing, but no commitments of that money.

Mr. ADAIR. The Members of the House can read that it is available and that it may well be used; and there may be requests for future years. In other words, it is here, if the executive authority decides to use it.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield.

Mr. LINDSAY. If the State Department did not overclassify as much as they do, they might get more support for their program.

Mr. ADAIR. I think it is unfortunate that facts of this kind are classified, but I would again call attention of the Members to the fact that the information is here, if they want to read it.

In conclusion, Mr. Chairman, let me say that we must fight communism wherever it exists, and to do so must have the strongest tools possible. Therefore, I urge that we adopt a strong amendment, of which there are two possibilities before us now, to combat the Communist menace. Either the proposal of the gentleman from Texas [Mr. CASEY] or the proposal of the gentleman from Ohio [Mr. FEIGHAN] would greatly strengthen the bill.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. GALLAGHER].

Mr. GALLAGHER. Mr. Chairman, one of the issues that has just been brought up in the debate is whether or not CARE packages would be affected. CARE packages would be cut off completely, because the authorization for the payment of freight, which is necessary under this act, would be eliminated.

I would like to make another point, that there is no aid granted under this bill to Yugoslavia. There is a small amount, our distinguished Chairman mentioned, to Yugoslavia, if the President so determines. But it is a very small amount. In effect, adoption of such a provision would write off completely the $2.4 billion that has been expended. It would be the greatest waste of all time for we would prevent by our impatience seeing the fruition of this long-range policy.

We should stop looking at the Communists as giants too fearsome to behold. Communism as an ideology is failing. The Communist monolith has cracks in its seams. What we are trying to do by this policy is to give the President sufficient authority to exploit

the cracks, wherever they exist, in the Communist bloc. They will occur in the future; witness the great breach that is now widening between the Soviet Union and the People's Republic of China.

Further, the conduct of foreign policy should be based on intelligence reports, on the reports of our ambassadors and a proper evaluation of these reports can only be made by the Chief Executive. It cannot be made in the darkness or ignorance of the real facts or in the heat of an emotional debate unrelated to the real situation with absolutely no knowledge of what the necessities of our national interests require. We should allow the President to exercise that prerogative, regardless of what party he heads. We granted this right to President Eisenhower. Let us not take it away from President Kennedy. This is not a political matter; this concerns the national needs of our country.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield.

Mr. CONTE. Can the gentleman tell us the effect on Austria and Italy and Greece if Yugoslavia is dropped back into the Soviet bloc?

Mr. GALLAGHER. There would be an effect, without doubt. That is one of the intracacies in the great balance of power that exists today. Furthermore, if a revolution should take place such as the one in Hungary, this amendment would have the effect of preventing us from giving any aid whatever to those who revolted.

The CHAIRMAN. The Chair recognizes the gentleman from Delaware [Mr. McDOWELL].

Mr. McDOWELL. Mr. Chairman, I want to read two telegrams. The first is addressed to me and reads as follows:

Hon. HARRIS B. McDOWELL, Jr.,
House Office Building,
Washington, D.C.:

The Polish Roman Catholic Union of America comprised of 200,000 Americans of Polish origin and of Catholic faith urges you to support President Kennedy's policy of helping people of Poland by giving them sorely needed aid. We further urge you to oppose any amendments to the foreign aid bill which would in any way restrict aid to Poland. In aiding freedom-loving people of Poland we will strengthen them in their vigorous opposition to communism.

POLISH ROMAN CATHOLIC UNION OF AMERICA.
Chicago, Ill.

The second telegram is addressed to the Honorable JOHN W. McCORMACK, Speaker of the House, Washington, D.C. It reads as follows:

Do not forsake Poland in her hour of need and give her aid. The Polish people are definitely the best friends we have behind the Iron Curtain. The aid given the Communists through help to Poland is negligible and should not be considered. I speak from personal experience back in 1945 and from the experience of many late observers. Denial of aid would be a crushing blow to the morale of the people. Never mind the government but consider the enslaved people.

STEPHEN S. WOZNICKI,
Bishop of Saginaw.

(Mr. McDOWELL asked and was given permission to revise and extend his remarks.)

(Mr. OSTERTAG asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. OSTERTAG. Mr. Chairman, I am one who holds the firm conviction that the Congress not only possesses the right but the responsibility to establish a clear-cut policy in the matter of aid to Communist regimes. There is no issue here as to the separation of power or authority as between the executive branch of our Government and that of the Congress.

It seems to me that the basic and fundamental issue involved is that of aiding an enemy. I can see where under certain circumstances we might well lend assistance. But to me, we have reached the point where the lines must be drawn and a soft policy abandoned. We have in substance, four propositions before us. The Casey amendment, the Casey amendment as amended, the Feighan amendment and the Feighan amendment as amended.

I am inclined to believe that the Casey amendment as amended, is the right approach. In any event both the Casey and Feighan amendments as amended do provide the limitations and guidelines necessary and take with them a policy which is definite in the matter of aid to Communist nations. These proposals as amended, do give the Executive sufficient authority or flexibility within certain bounds which should make clear our overall policy in this matter.

Mr. Chairman, I hope that from here on out that the national security and the cause of freedom will be strengthened by this decision and I believe we are at last moving in the right direction.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman; two brief points. Further reference should be made to the grave dangers that might develop if Yugoslavia were to go back into the Soviet bloc. Russia had submarine bases on the Adriatic and the Mediterranean until the split came in 1948; Russia does not have submarine bases there now. If we consider how badly threatened Greece, Italy, and the whole Mediterranean area would be if the Soviet Union again had submarine bases there, I think we will recognize the problems that both President Eisenhower and President Kennedy have had to keep constantly in mind in carrying out their responsibility for the protection of the security interests of our country.

The gentleman from Ohio [Mr. Bow] has stated that Congress has the power under the Constitution to say what the moneys it appropriates may or may not be used for. There is no question about that. Nobody disputes its power or right to refuse to provide money to support the foreign policy of our country or to support our Armed Forces, or even to pay our own salaries. But under the Constitution, it is not the function or duty of the Congress to conduct our foreign policy, just as it is not our function to command our Armed Forces. Our Republic was founded with a division of functions or duties, as well as of powers.

When the President said in the recent steel price dispute that he was acting in the national interest as the representative of the people, I strongly disagreed. He was not elected to be the representative of the people in domestic matters. You and I were elected to be the representatives of the people in domestic matters. The President's obligation is to "take care that the laws be faithfully executed"—the laws that you and I pass as the representatives of the people.

But the President is the representative of the American people in the conduct of our foreign affairs—within such guidelines as the Congress may establish. That is what these amendments do. The Casey and Feighan amendments state our belief that aid to Communist countries is unwise and should stop. The Morgan-Frelinghuysen amendment lays down strict and tough guidelines for him to follow if he believes that he should, nevertheless, give aid in carrying out the function, the duty, the responsibility which the Constitution places on him, not on us, to conduct our foreign affairs.

So it is my view that the Morgan and Frelinghuysen amendments should be adopted. The Feighan amendment as amended, should be defeated, and the Casey amendment, as amended by the Morgan amendment, should then be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. HAYS].

Mr. MORGAN. Mr. Chairman, I yield 5 minutes of the committee's time to the gentleman from Ohio.

Mr. HAYS. Mr. Chairman, I am sure there have been times in the 14 years I have been here that my friends on the Republican side have thought I have been a little political once or twice. But, I would like to remind them and my colleagues on the Democratic side as well that three times in the last 4 or 5 years I have stood in the well of this House opposing taking away from President Eisenhower the same power that the Casey amendment wants to take away from President Kennedy. I opposed the Democrat who offered that amendment. I think you will remember yesterday I opposed my own chairman. Now I am supporting the Morgan amendment today for a variety of reasons. I am honest, frank, and sincere in saying I do not want to embarrass anyone. I am sure the people who have offered these amendments are just as sincere as I am. But, how does Mr. Khrushchev feel about this? We all want to defeat communism, and he is the chief architect of it. What does he say? These are his words. He said:

Poland is now being wooed like a bride. Why? Because the wooers want something. They want to find elements in Poland that can be used against the people's government, against the building of socialism—

A word he uses as the equivalent of communism—

and against the Soviet Union.

And he is so right. That is exactly what the aim of this is. Mr. Khrushchev does not speak idly. He spends more time denouncing NATO than almost anything else, and he does not

bother denouncing things that do not hurt him. He would not have said this if he was not feeling the pinprick of the fact that our aid is helping Poland against him and helping the Polish people to resist the masters that have been forced upon them. What does he say about Yugoslavia? He said:

> Why do the American imperialists praise you? Why do they give you wheat? What is this Yugoslav socialism [he means communism] that this could please the American imperialists? They scent as it were something not quite socialist about you.

He said, in other words, they scent as it were something not quite Communist in you. This is precisely what they like. This is the law of the class struggle and Mr. Khrushchev was so right again. Oh, yes, he is feeling the jab of these moves in our foreign policy and he does not like it. So he talks against it. What is the fact about aid to Yugoslavia? I will say to you, I probably have as many Serbs in my district as anybody in the United States and there is nobody who hates Tito more than the Serbs do. All of the Serbian people who have contacts with Yugoslavia can tell you that the Serbs in Yugoslavia hate Tito like the devil hates holy water. And I have been to Yugoslavia and I can testify to that myself.

Now what does Commonweal, the great Catholic magazine say about this? It says:

> The wisest thing the country can do is to play the situation by ear, always leaving open the possibility at given moments of either suspending aid or increasing it.

That is not end of the quotation. What have we done under the Ambassador to Yugoslavia at the present time? We have cut aid by 90 percent over what they were getting before he went there, at his recommendation. He says, they have to come in and ask for it and show that what they ask for is worth something. What kind of aid have they been getting? They have been getting technical assistance, which consists of bringing Yugoslavs here and exposing them to the capitalist system and to democracy. The gentleman from Pennsylvania [Mr. WALTER] can tell you and any student who has studied this program can tell you that that is the greatest thing you can do.

I told Khrushchev right in the Kremlin at a reception when we were arguing about this point, and he was telling me what freedom there was in the Soviet Union, how people were free to travel in the Soviet Union. It was not so. He said: "Why don't your people understand?" I said: "Mr. Prime Minister, I will tell you what I will do; if you will let them come I will go back to Washington and introduce a bill to bring a million Russians to America for a visit and pay the charges."

He looked at me in amazement and then said: "Why would you do such a thing as that?" And I said: "Because when they got back home you would have a million of the damnedest, most dissatisfied Russians you ever saw or heard of."

Why do you think they have an Iron Curtain up? They have it up because they do not want their people to know why and what democracy is.

I sponsored a young college student from Hungary. He was a leader in the revolution and he was a very brilliant student. He graduated with honors in his class from the Ohio State University, yet he could not speak a word of English when he got here; and his wife graduated second highest in her class of psychiatric nursing. I said to him, when he had learned to speak English and we could converse freely: "Why did you risk everything when you were one of the chosen people? You were a student. You had your way being paid at the university; why did you risk everything to revolt?"

And he said: "Because I was on the University of Budapest basketball team and it was sent to Switzerland, and there I saw what I had always suspected, that everything the Communists told us was exactly the opposite. I saw that the West was superior in every way, the people dress better, they eat better, they have freedom."

And he said, "We in the University of Budapest concluded that from that day on anything the Communists told us was probably just the opposite of what it should be."

Do you want to shut the gates of freedom to the Yugoslav people? Do you want to hamstring the opportunity of the President to seek out and enlarge cracks in the Iron Curtain? Oh, it is popular to be against communism, and I am against it just as much as anybody else—I like to be popular—but I am for the Morgan amendment. And may I say the parliamentary situation is such that the vote will come first on the Morgan amendment. Then the vote will come on the Casey amendment.

I urge you not to vote to fetter the hands of the President.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. MORGAN] is recognized for a minute and a half.

Mr. MORGAN. Mr. Chairman, I yield my time and the remainder of the time of the Committee to the distinguished Speaker of the House.

The CHAIRMAN. The gentleman from Massachusetts [Mr. MCCORMACK] is recognized for 6½ minutes to close the debate on these amendments.

Mr. McCORMACK. Mr. Chairman, for many years as a Member of the House and as majority leader I have been proud, and now, as Speaker, I am proud of the fact that in the field of national defense and of foreign policy that we acted in a bipartisan angle. I urge the following of that course in connection with the pending amendments.

In past years, under President Eisenhower and President Truman, whether the Democratic or the Republican Party controlled the House, we always recognized and respected that under the Constitution the President was the sole repository in the field of foreign affairs, as well as Commander in Chief of our Armed Forces. We always wisely provided for a continuance of Executive flexibility and Presidential judgment. Why should the House today deny to President Kennedy certain discretionary powers within congressional guidelines that we have given to previous Presidents?

Why should the House today take away from President Kennedy—and he is our President without regard to party—the discretionary authority contained in the Morgan-Frelinghuysen amendments, which the President needs to carry out our governmental policy in the most delicate area of our foreign relations?

I have stood as majority leader in the well of this House advocating that proper discretionary power be vested in our Chief Executive in past years for President Dwight D. Eisenhower as well as President Harry S. Truman. So did our beloved friend, Speaker Sam Rayburn. How well do we remember his dramatic speeches when the question came up of completely depriving the President of all his Executive power.

In the 80th Congress, when President Truman was our Chief Executive, JOE MARTIN and CHARLIE HALLECK gave the same bipartisan leadership.

In the 83d Congress, with President Eisenhower in the White House, and when Joe Martin was Speaker and Charlie Halleck majority leader, Sam Rayburn and I supported and worked with them in a bipartisan manner.

I might say the overwhelming Democratic Members of the House followed our leadership, joining with our Republican friends in defeating efforts to tie the hands of the President in the field of foreign affairs.

I refer to this history "least we forget."

The President bears the responsibility of conducting our foreign policy in the manner stated in the Constitution. To completely tie his hands at any time would be unwise, and particularly at this period of the world's history it would be dangerous.

Last year President Kennedy recommended an increase of over $6 billion in our national defense, and for the present fiscal year over $3 billion more. This represents firm and courageous leadership on his part.

Furthermore, it is evident that unrest and tensions exist and are on the increase in the Communist-dominated part of the world, and even in the Soviet Union and Red China.

We should give the President such discretionary power to capitalize on and increase such unrest and tensions.

It is difficult to see history in the making, but it is being made at the present time here and abroad throughout the world.

One of the great reserve strengths we have is the more than 100 million persons in Poland, Hungary, Czechoslovakia, East Germany, and other Communist-dominated countries that despise communism, who are praying for their early deliverance from their Communist oppressors, and for the restoration of their independence and liberty. They look to America with hope, to the Soviet Union with despair.

Are we by the adoption of the provisions completely restricting the President going to send the message to them that we are closing our eyes and our thoughts to those millions of enslaved persons, keeping in mind the enslaved people who hate and despise communism? In Poland it is safe to say 98 percent of the people not only despise but hate communism. In Hungary, only a few years ago, what happened? There was a desire of the people for liberty, and think of the bravery they manifested on that occasion.

What about the unrest in East Germany?

What about the unrest in Red China?

What about the manifestations we see there?

Do we want to tie the hands of our President? Are we going to close the opportunities of our Government to capitalize on those situations?

Mr. Chairman, the legislative situation is very simple. We have two substitutes. We have the Casey substitute and we have the amendment offered by the gentleman from Pennsylvania [Mr. MORGAN] to that substitute. I urge adoption of that amendment.

Then we have the amendment offered by the gentleman from New Jersey [Mr. FRELINGHUYSEN], to the substitute offered by the gentleman from Ohio [Mr. FEIGHAN]. I urge that the Frelinghuysen amendment be adopted. The first vote will be on the Morgan amendment to the Casey substitute, the adoption of which I strongly urge. Then we come over to the Frelinghuysen amendment to the Feighan substitute. I urge the adoption of that amendment. At that time I urge that the Feighan substitute be defeated.

Then we come back to the Casey amendment as amended by the Morgan amendment. I urge adoption of that amendment as amended. That amendment expresses the thoughts and views of this body but at the same time it reserves the constitutional power and discretion of the President of the United States.

Mr. LINDSAY. Mr. Chairman, the Congress plays a key role in the formulation of our Nation's foreign policy, and through its activity in this field it affects the lives of millions of people far beyond our borders. When we exercise our responsibilities in these grave matters it is imperative that we devote our best abilities to a sober consideration of all the facts, and make our decision in terms of the best interests of our country, without resort to inflated statements designed to capture headlines at home or provide material for campaign literature.

I am not convinced that the Senate lived up to these high standards when it prohibited aid to Communist or Marxist countries. The Senate moved hastily to go on record as opposed to communism; so hastily that the full implications of its action were never explored in debate; and indeed so hastily that at first surplus foods and fibers under Public Law 480 were included in the prohibition of aid, and then rapidly excluded, with a result that the language of the present amendment leaves uncertain whether Public Law 480 sales agreements are excluded or not.

The policy of three administrations over the past 14 years has been based on the assumption that lasting change in the Communist world must be effected from within, and that we should encourage these changes by supporting those who inaugurate them when such support is required and is likely to be productive. This policy has had some very real results, as can readily be seen by comparing the condition of the Soviet bloc today with that of 14 years ago.

The monolith of international communism does not in fact exist. Beneath the Stalinist surface seethed tendencies toward nationalism, Russophobia, pluralism, and even the germs of liberal democracy. In Yugoslavia the nationalist drive was strong enough to create a split, and we moved in with the support necessary to permit the existence of an independent nation. As Yugoslavia's relations with the free world expanded there came ideological revisionism, and while this revisionism may not have gone far enough to suit us, it is officially termed by every orthodox Communist Party in the world today as the leading threat within the Communist movement.

Is it true, as the critics of aid to Yugoslavia have said, that our assistance to that country has been wasted? that Yugoslavia's divergence from the bloc is a sham designed to beguile us? If so, the Yugoslavs have played the game very well indeed, for they have supplied us with strong evidence of their divergence from the monolithic Communist family. Seventy percent of Yugoslavia's trade is now with the West. In Yugoslavia 12 percent of the farmland is collectivized, contrasted with an average of about 90 percent in all other bloc countries, with the exception of Poland. Over 1 million free world tourists visited Yugoslavia in 1961. Yugoslav students come to the United States in ever-increasing numbers, while there is only a trickle from the other Communist countries. And in the United Nations, Yugoslavia has voted "yes" while Russia voted "nyet" on such major issues as support of the Congo operation and the U.N. bond issue.

The Communists have gone to great lengths to present to their peoples an image of a world irrevocably split in two hostile and irreconcilable camps. The case of Yugoslavia destroys this image, for it is not a member of the capitalist camp, but on the other hand has given its people the most rapidly rising standard of living in the Communist world, it has disbanded the hated collective farms, and has expanded the area of personal freedom to a degree which no other Communist regime has thought possible. With the catalyst of Stalin's death and the lack of a sure hand in the Kremlin this so-called disease spread to Poland, Hungary, and beyond.

It is difficult for us in the West to understand why it was the example of Yugoslavia which inspired the other peoples of Eastern Europe to demand reforms, when the free world offers so much more. But the freedom and the standard of living which we enjoy seem totally unattainable to these peoples, who have Soviet armies encamped on their soil. Yugoslavia is different—it did succeed, with our help, in moving away from Moscow but it did not move so far that the Soviet leaders felt compelled to unleash their armies to protect their empire. This is the pattern for change within which Eastern Europe must work. The penalties for moving too fast were set in Hungary.

Without the assistance offered Yugoslavia by the United States, small in amount as it has been, and without the open encouragement it has received from the free world, Yugoslavia would have been forced to return long ago to dependence on and subservience to the Soviet Union. Without the hope of such assistance and encouragement from the free world in the future, there will be no example for other Communist countries to follow of an increasingly independent and democratic Yugoslavia.

I think that all of us here would grant that the virus which was born in Yugoslavia had a profound effect immediately after the death of Stalin. The question which we must answer is whether or not it still operates today. I think that it clearly does, and that its implications are increasingly dangerous for orthodox communism.

The Chinese Communists apparently agree, as do their Albanian, North Korean, and North Vietnamese comrades. They see that the so-called revisionists have set in motion forces which are almost impossible to contain in the long run, and they insist on a hard line toward them. The Soviets, on the other hand, wish to play down the seriousness of the Yugoslav threat for tactical reasons. The existence of the dispute with Tito has proven a great embarrassment in Khrushchev's attempts to win over the emerging nations, which, like Yugoslavia, demand a position outside the blocs. By restoring normal state-to-state relations with Belgrade he hopes to disguise his ideological objections to national communism.

It is this issue, then, which has led to the exacerbation of the latent Sino-Soviet dispute. A byproduct of the current dialogue is the invasion of the Soviet Empire by the Chinese, who have snatched the Kremlin's Balkan satellite, Albania. This blow to Soviet prestige could never have been delivered but for the existence of an independent Yugoslavia through which Soviet forces could not move.

Pressures for reform are evident within every Communist regime in the world today, and even Khrushchev was forced to acknowledge the trends toward internal autonomy at the most recent Congress of the Soviet Communist Party. These pressures can be traced to Yugoslav revisionism, which has awakened the latent aspirations of all the peoples of the bloc.

Revisionism and divergent trends within the Communist empire will in time, lead to the erosion of Communist ideology, and will make it increasingly difficult for the Kremlin to maintain its centralistic control over other nations. The Soviet bloc is entering a period of

crisis: a crisis more significant, if less dramatic, than that of 1948. This is a time when we should give the Executive more, and not less, freedom to tailor our policies to new developments. Let us remove this debate from the realm of emotionalism and slogan, and act with the imagination and foresight which the situation demands. This is certainly a time for a responsible bipartisan foreign policy. Let us give the President, in this time of crisis and opportunity, the flexibility in the field of foreign affairs that his predecessors have had.

Mr. Chairman, in the issue of the July 1 New York Times magazine published an article by Former Secretary of State Christian Herter entitled "Poland? Yugoslavia? Why Help Communists?" In it Mr. Herter puts the bipartisan case for aiding nations whose relative independence is more important to us than their Marxist ideology. When the Committee rises I intend to ask unanimous consent to insert this article in the RECORD at this point in the debate.

POLAND? YUGOSLAVIA? WHY HELP COMMUNISTS?

(By Christian A. Herter)

Emotion is rarely a reliable guide to sound policy decisions. Yet all of us are tempted at one time or another to speak out or act in anger against situations not to our liking. More often than not, we discover anew that we cannot end our troubles merely by opposing them. In the conduct of international relations, we are far more likely to achieve our goals by careful planning and the quiet and skillful use of diplomatic tools than by harsh words and hasty decisions.

A case in point is our relationship with the countries of Eastern Europe. Few of the numerous problems that confront us in the world generate more frustration or arouse more controversy than this. Many of us, and more of our ancestors, came from that arc of states that runs through the heart of Europe from Poland to Rumania. It distresses us to know that most of the people now living in those countries are ruled by regimes they neither approve of nor respect. We blame ourselves, in part, for not successfully opposing their absorption into Moscow's empire. And we find it galling that we can do so little now to promote their freedom and independence.

Against this background of concern and frustration, it is not at all puzzling that we should occasionally lash out at the Communist rulers and all their works, that we should seek to end or prevent any action on our part that might lend them comfort or prestige. This feeling was reflected most recently by the action of the Senate in voting to ban any assistance to countries "known to be dominated by communism or Marxism."

This sweeping restriction was modified the following day by a second amendment to the Foreign Assistance Act, sponsored jointly by the Democratic and Republican leadership in the Senate, which permitted the use of surplus agricultural products for foreign assistance in some circumstances. Even so, the surplus products are not to go to any country participating directly or indirectly in any policy or program for the Communist conquest of the world or to one that is controlled by any country promoting the Communist conquest of the world.

At almost the same time, the Ways and Means Committee of the House was sending to the floor a foreign trade bill that would exclude Poland and Yugoslavia from most-favored-nation treatment under our system of tariffs.

These actions in the Congress sought to reverse policies followed by three administrations, two Democratic and one Republican, for a dozen years and more. I am certain that the frustrations mentioned earlier played an important part in these actions. Also at work was the feeling that the assistance given Poland and Yugoslavia in recent years had produced no tangible results from the point of view of our interests. There was understandable irritation that Polish and Yugoslav leaders frequently criticized the United States but not the Soviet Union. Some legislators argued that it made no sense for the United States to go out of its way to ease the economic problems of Communist regimes.

"I am not able to understand how we would help people to get free by making their tyrant masters stronger," one Senator said during debate on the foreign assistance amendment. It was a question that many Americans have asked themselves. Why should we help a Communist government?

The first and most obvious answer is that our policy is not designed primarily to help governments but rather to help the unfortunate people of the countries concerned. That it helps the governments, we recognize, of course. But for any realistic judgment, we need to look at the total effect, not merely the most obvious one; the subtle and indirect consequences of action are frequently more important than those readily discernible.

For a fuller answer, we must know just what it is that we have done to assist Poland and Yugoslavia. We should consider the reasons that convinced Presidents Truman, Eisenhower, and Kennedy that such aid was in the security interests of the United States. Finally, we should study the results of this policy. Only then can we judge whether the course we have pursued has produced useful results, and whether it should be continued.

In the years immediately following World War II, Yugoslavia was probably the most militant and extreme of Moscow's recently acquired satellites. That very extremism created problems. Tito, in those days, was, if anything, more Stalinist than Stalin himself and his militancy created intra-bloc problems of discipline and control. Stalin sought to take over the Yugoslav party from within. When that failed he engineered the exclusion of Tito and his followers from the Cominform.

The Soviet dictator calculated that without his support, the Yugoslav Communists would quickly be brought to heel. He was wrong, and it proved to be one of his most serious blunders. For Tito had broken the so-called "monolithic unity" of the Communist bloc, the winds of nationalism and independence began to blow and their erosive effect on Moscow's control have become increasingly apparent.

Yugoslavia's break with Moscow and its pursuit of an independent course produced significant political and strategic advantages for the United States and the rest of the non-Communist world. Soviet power was rolled back from the Adriatic Sea and from Italy's northeastern border. Austria's southern boundary was freed from Moscow's control. The closing of Yugoslavia's borders to Greek Communists sounded the death knell for the latter's effort to win over Greece.

Other consequences flowed from Yugoslavia's independent course, to the obvious advantage of both the Yugoslavs and the West. The pace of development accelerated and living standards rose. Foreign trade increased and more than two-thirds of it was with non-bloc countries. Cultural and technical contracts have grown and new bonds of friendship have been established. Over the past decade, thousands of Westerners have visited Yugoslavia and come to know firsthand that country, its progress and problems, and its intelligent, able and fiercely independent people. And many Yugoslavs have been able to see the West and to compare its reality with the propaganda stereotypes.

We know that the present course has been welcomed by most young Yugoslavs and by broad segments of the population at large. We should harbor no illusions, however, as regards the present political leadership and its basic Communist orientation. Nonetheless, President Tito is a proud and independent man, and he is a Yugoslav. However much he might welcome readmission to the bloc, he is not likely to consider it on terms of less independence than he demanded in 1948. And from Moscow's viewpoint, such a demand could only stimulate the forces of nationalism which already have caused the Kremlin incalculable trouble.

The danger in the present situation is that a drastic revision of U.S. policy along the lines of the proposed Senate amendment would sharply reduce Yugoslavia's freedom of choice. A harsh stiffening of our policy and a modest softening of Moscow's might convince the men in Belgrade that they had only one road open to them. The hand of those who all along have favored a reorientation of Yugoslav policy in the direction of closer ties with Moscow would be incredibly strengthened; those whose orientation has been toward the West would be left with few effective arguments or defenses.

In testimony before a House committee earlier this year, Secretary of State Dean Rusk said: "We believe the question answers itself as to whether we would prefer that the Yugoslavs fall back into dependence on the Soviet bloc and thus reorient their country toward the East. We are convinced that the present policy, supported by three administrations and fully tested by time and events, is effective and in the interests of this country."

There are elements of both similarity and considerable difference in the situations in Poland and Yugoslavia. Like the Yugoslavs, the Poles are a proud and independent-minded people. But they are also realists and they know that their geographic position creates special problems for them. Bordering the Soviet Union and athwart the main lines of communication between the Soviet state and East Germany, Poland knows that any overt moves in the direction of a rupture with Moscow would produce the most severe kind of repression. It does not enjoy the kind of relative isolation from the Soviet Union that made Yugoslavia's break with Moscow possible.

During the first decade after World War II, Poland's Communist leaders were docile followers of Stalin and careful executors of his policies. American policy toward the Warsaw regime paralleled that toward the other members of the Soviet bloc. But in 1956, revolt against blind acceptance of the Soviet pattern erupted in Poland. Wladyslaw Gomulka, who had been jailed by the Stalinists, assumed power on the crest of this Poland-first demonstration.

The new Polish leader had to walk the narrow ledge between his basic loyalty to Moscow and to Marxism-Leninism and his comprehension of the demands of his own people for liberalization and more freedom. Forced collectivization of farmlands was halted. Pressures on the Catholic Church were reduced. Limitations on contacts with the West were relaxed and the Warsaw Government moved to improve its long-neglected relations with nonbloc countries.

As we watched these developments from Washington, we concluded that they should not pass unnoticed. In October 1956, the late Secretary of State John Foster Dulles declared:

"The captive peoples should never have reason to doubt that they have in us a sincere and dedicated friend who shares their aspirations. They must know that they can draw upon our abundance to tide themselves over the period of economic adjustment which is inevitable as they rededicate their productive efforts to the service of their own people, rather than of exploiting masters. Nor do we condition economic ties between us upon the adoption by these countries of any particular form of society."

A few days later, President Eisenhower said:

"The United States has made clear its readiness to assist economically the new and independent governments of these countries. We have already—some days since—been in contact with the new Government of Poland on this matter. We have also publicly declared that we do not demand of these governments their adoption of any particular form of society as a condition upon our economic assistance. Our one concern is that they be free—for their sake, and for freedom's sake."

Since 1957 these expressions of interest and support have taken the practical form of credits and deliveries of surplus farm products. There has been a significant and fruitful growth in technical and cultural exchanges. Thousands of Americans and Poles have come to know each other well, whether as official visitors or as tourists. Well-known Americans, such as former Vice President Nixon, who have visited Poland, have been overwhelmed with the warmth and friendliness of their reception by the Polish people.

The Poles know the economic assistance from the United States has helped to raise their standard of living. They know that grain imports from America have permitted their farmers to concentrate on other agricultural products that earn hard currency on world markets. Their farm situation, the best by far in the Soviet bloc, has enabled them to resist pressures for tighter controls and possibly a reversion to the hated collectivization.

They know, too, that help from the United States has permitted the Government in Warsaw to steer a course freed of dominance from Moscow than would otherwise have been possible. There have been reports lately of discouraging developments within Poland that we can only read with regret. New pressure is being exerted again the Catholic Church by the Government. The authorities have expanded controls over the press and the schools. Nevertheless, the Polish people enjoy a measure of freedom unknown in any other bloc country. And Polish farmers still own more than 85 percent of the land under cultivation, whereas in other bloc countries that percentage or more is under the stultifying hand of collectives.

Nor has Gomulka surrendered his views on the right of each state to determine and follow its own "road to socialism" without being rigidly tied to the Soviet model. Following the 22d Soviet Communist Party Congress last fall, Mr. Gomulka in his report said: "Every party is fully independent and autonomous and bears full responsibility for the country it rules and for its policy in the country."

There is evidence of many other significant differences between the views held in Moscow and those dominant in Warsaw on both domestic and foreign issues. While the Soviet Union has been stressing the desirability of expanding intra-bloc trade, Poland has been establishing a privileged sector of industry producing primarily for Western markets.

As we look at these and other facts of life inside the Soviet system, it is more important than ever for us to distinguish between the myths and the realities. This is particularly vital as we consider our policies toward Yugoslavia and Poland. The basic objective of our policy in both countries has been to encourage their independence and freedom for their people.

Critics of the course we are and have been following tend, I think, to regard the public statements of Tito and Gomulka on foreign policy matters as the only valid evidence of what is happening in their two countries. Each expression of friendship for Moscow is read as a sign of our own failure. Those who would have us turn our backs on those most friendly to us in Poland and Yugoslavia seem surprised to discover with some regularity that Messrs. Tito and Gomulka are still Communists.

Surely this is not the time to walk away from the competition. I can think of few actions on our part that would be more welcome in Moscow than that. If I were Mr. Khrushchev, I would surely heave a sigh of relief if I knew that Poland's and Yugoslavia's windows to the West were being bricked over. Never have the signs of internal disarray been more obvious within the Soviet empire than they are today. Never have the forces of autonomy and independence been more evident.

There is a puzzling inconsistency in all of this that we should consider. We have all heard words of warning about the effectiveness of Moscow's penetration of an increasing number of countries through trade-and-aid offensives. Yet some of us who seem most alarmed at this intensified competition are among those who would deliberately deprive ourselves of the opportunity to carry on this brand of peaceful competition within the bloc itself.

One of our problems, I believe, is our impatience and our desire to find clear-cut and quick answers. Given the complexities of our world, there are few such answers short of devastation. We must gird ourselves for the long, hard pull that this kind of competition requires. The search for short cuts can drive us into hasty and emotional decisions that only create new problems.

A policy of abandonment toward key areas of Eastern Europe would seem to me to be the ultimate in the "no-win" policy we hear discussed these days. Its logical outcome would seem to be either surrender or military conflict. Certainly we cannot "win" a competition in which we refuse to participate. And if we hope for internal tension and turmoil as the outcome of our inaction, we must in good conscience be prepared for the consequences of such a development.

I doubt that that is what we want. I doubt that such an outcome would serve well the interests of freedom or independence of our friends in Eastern Europe.

The question of our policy is sometimes phrased as one of aid for Communist governments versus no aid. That is not the real issue. The central question is whether the President is to have available to him the authority to extend or not extend assistance at times and places where the available evidence indicates that such action would promote our own national-security interests.

It is also a matter of our overall posture toward peoples now living under unwanted Communist rule. If they and their governments know they cannot count on us for urgently needed help, they will suit their actions and their policies to fit that fact. If they realize that such help might be forthcoming in certain circumstances, their actions could be quite different.

Two years ago, as Secretary of State, I expressed my views on this matter in a speech to the American Bar Association in Washington. I said then:

"We have tried to encourage any trend toward greater freedom within the Communist bloc. We aided Yugoslavia, whose break with the bloc compounded the difficulties of maintaining monolithic Soviet control over the remaining Eastern European states. We are helping Poland. We have sought through exchange programs and other personal and cultural contacts to broaden the exposure of the Soviet people to outside influences. * * *

"If we hold to our course, I believe that these trends will continue and will work in our favor. Basically our policy is running with the grain of history."

My reading of the situation in which we find ourselves today only reinforces that conviction.

Mr. RANDALL. Mr. Chairman, before the debate today we had some advance knowledge of the probable introduction of the amendment to H.R. 11921 by the gentleman from Texas [Mr. CASEY]. We became interested in his proposal to restrict our assistance to Communist countries. We decided to associate ourselves with the effort to express the sense of the Congress, particularly as to Yugoslavia. One of the biggest culprits to be fattened by our aid has been Marshall Tito, to the tune of $2,219 million in the past 2 years. Someone made the computation that this has averaged about $415,000 a day. The Casey amendment when offered went beyond Yugoslavia and Poland and contained the very restrictive language "no assistance," which would, of course, prohibit a disposition of our farm surplus under Public Law 480.

In our opinion, there is just no compromise with Tito of Yugoslavia. Whether he is on our side or not can best be determined by looking at the vote in the United Nations where he has supported Russia 44 times, and voted with us only 6 times in the past 2 years. In the 1962 May Day parade in Belgrade, for all to see, were new Soviet-made T–54 tanks.

Our greatest interest in some restriction upon assistance to Yugoslavia was generated by the incident last fall when certain planes which were then described as "obsolete" were sold to Yugoslavia, and their fliers were then trained here in the United States. During the fall of 1961 we received a storm of protest over this incident, but because it was an act of the executive branch, there was not very much we could do about it. We kept the matter in mind and became determined that we would in some way give expression or voice to the views of our constituents who so strongly opposed the 1961 sale of these planes to Yugoslavia. We concluded the proper time to make an expression of protest against Yugoslavia would be in support of an amendment as first proposed by the gentleman from Texas.

However, in the debate which followed immediately the introduction of the Casey amendment, the chairman of the House Foreign Affairs Committee, the gentleman from Pennsylvania [Mr. MORGAN], offered an amendment to the Casey amendment by modifying the absolute provision of "no assistance," accompanied by the provision against waiver the words:

Unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled

by the international conspiracy; and (3) such assistance will further promote the independence of the recipient country from international communism.

According to our view, the Morgan amendment eliminates a possible objection to the Casey amendment because it is true that long before the advent of President Kennedy, the Congress did give a latitude of discretion to President Eisenhower and to former President Truman. But here, in the Morgan amendment, for the first time, is a situation in which the Congress is saying to the President, or to describe it better, is telling the President, that we are against any further aid to Communist countries and such is the sense of the Congress. Under the strict terms of the Casey amendment, we could not have given one cent to any of the 18 countries named. This would have precluded any help to Cuba in the event of a possible revolution. The wording of the Morgan amendment leaves nothing to guesswork. It is a strong directive to the President, much more than just a guideline. In effect, the Morgan amendment says to the Chief Executive, who directs our foreign policy: "You, Mr. President, may be in possession of more detailed information than is available to the legislative branch, but we are so against any further aid to the so-called Communist countries, that if there is any exception to be made, you, must make a finding and a conclusion and promptly report to the Congress, according to the 3 provisions set out in the Morgan amendment. The most important of which is the finding that such assistance is in some way vital to our own security. Then there must be the further finding that the recipient is not controlled by some international Communist conspiracy and that such assistance will help toward the independence of the recipient country from its past or present entanglement with international communism."

The Casey amendment when supplemented by the Morgan amendment, in our opinion, is not simply just a guideline for the President. The House of Representatives has written into the Foreign Assistance Act of 1962 a provision which makes it mandatory that the President conform to these guidelines. We say this because unless the President conveys to the Congress the information that the recipient is not a part of the international Communist conspiracy, then the strict provisions of the Casey amendment of "no assistance" become immediately applicable. Those who fear that this will eliminate flexibility and lose us our friends in the countries enumerated—including many people who may hate their Communist masters—in our opinion should have no worry as to whether this amendment will tie the hands of the President. This was not the issue and the truth of the matter is there need be no concern, in any event, because the President still has widespread power as Commander in Chief of all of our Armed Forces, and more particularly, has wide delegated authority through the Central Intelligence Agency with a large reservoir of funds which can be used in the event of a revolt in any of the countries enumerated in the original Casey amendment.

It is our opinion that the House, if it adopts the Casey amendment as modified by the amendment offered by the Chairman of the House Foreign Affairs Committee, has expressed itself very firmly against further aid to Communist countries and for the first time has required of the Chief Executive by our mandate that any exceptions to the hard and fast "no assistance" provision be justified by the equally strict provisions of the Morgan amendment.

Mr. DONOHUE. Mr. Chairman, I would very earnestly request each Member of the House to studiously and conscientiously reflect upon this proposed amendment to forbid any further extension of our limited assistance to people who, through no fault of their own, are presently living under the domination of the Kremlin.

Perhaps no feature of this measure will have a greater long-range effect upon world freedom and keeping alive the submerged desire for personal and national liberty that still burns in the hearts and minds of millions of oppressed people.

The amendment proposed here is unquestionably well meant but it is, indeed, extremely doubtful that it could accomplish its well-meant purpose; as a truth it is, rather, more likely to defeat, in the long run, its inherent objective. The operation of the amendment, if accepted, could well serve to progress and promote the very achievement of monolithic unity of the subjugated, smaller nations, under Soviet leadership, which is precisely what we must persevere in trying to prevent. It is plainly obvious that the people of the oppressed countries to whom our limited help, under this program, has been given, have exercised persistant and significant pressures in restraint of the more extreme and aggressive actions of the Communist dictatorship.

The policy we have thus far been pursuing in this particular matter, under this program and under Presidents of both parties, has proved its effectiveness in contribution to our overall foreign policy design.

Under our Constitution there is great and serious obligation upon the President to promulgate and direct our foreign policy. To place such a severely restrictive limitation upon his power of direction and discretion, at this time, could be disastrously misinterpreted abroad and dangerously hinder the President in the effective discharge of probably, today, his major responsibility.

With particular reference to Poland, our foreign aid relations with that country certainly have been constructive. Our present policy has reflected our recognition of Poland's unique position within the Soviet sphere. It has demonstrated our willingness to take advantage of the opportunity to make the friendly concern of the people of the United States felt in Poland. It has served to sustain and expand the great reservoir of good will toward the United States which the people of Poland have always possessed for us. Primarily important, it has encouraged and nourished the great spirit and tradition of freedom and liberty that has characterized the Polish people and Nation from their beginning. Let us remind ourselves that tyrants and dictators come and go in this strange world but the great masses of ordinary decent people remain forever.

Let us, therefore, continue to work together to defeat the evil designs of the Communist dictators; let us continue to place our traditional trust in the President of the United States; let us continue to demonstrate good and wise concern for fellow human beings while we decry their tyrannical rulers; let us pray the Almighty for His help and guidance in our noble objective for world freedom and let us, in that spirit, reject this amendment while we harmoniously cooperate for the preservation of freedom for ourselves and decent people everywhere.

Mr. BOGGS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BOGGS. I would appreciate it if the Chair would explain exactly what the voting situation is on the amendment offered by the gentleman from Texas [Mr. CASEY], the amendment offered by the gentleman from Pennsylvania [Mr. MORGAN], the substitute offered by the gentleman from Ohio, and the amendment to the substitute.

The CHAIRMAN. If the gentleman from Louisiana would permit the Chair to respond to the parliamentary situation, the Chair would advise that the vote first will occur on the amendment offered by the gentleman from Pennsylvania [Mr. MORGAN] to the amendment offered by the gentleman from Texas [Mr. CASEY]. The next vote will occur on the amendment offered by the gentleman from New Jersey [Mr. FRELINGHUYSEN] to the substitute amendment offered by the gentleman from Ohio [Mr. FEIGHAN]. The next vote will occur on the substitute offered by the gentleman from Ohio [Mr. FEIGHAN]. The last vote then occurs on the Casey amendment.

Mr. BOGGS. That is, provided the amendment in the nature of a substitute offered by the gentleman from Ohio as amended by the gentleman from New Jersey is voted down?

The CHAIRMAN. The vote finally occurs on the Casey amendment whether the substitute is agreed to or not. It would be the Casey amendment as amended by the substitute if the substitute is agreed to.

The question now occurs on the amendment offered by the gentleman from Pennsylvania [Mr. MORGAN] to the amendment offered by the gentleman from Texas [Mr. CASEY].

The amendment to the amendment was agreed to.

The CHAIRMAN. The question now occurs on the amendment offered by the gentleman from New Jersey [Mr. FRELINGHUYSEN] to the substitute offered by the gentleman from Ohio [Mr. FEIGHAN].

The amendment to the substitute was agreed to.

The CHAIRMAN. The question now occurs on the substitute as amended by the gentleman from Ohio [Mr. FEIGHAN].

The question was taken; and on a division (demanded by Mr. FEIGHAN) there were—ayes 44, noes 201.

Mr. FEIGHAN. Mr. Chairman, I demand tellers.

Tellers were refused.

So the substitute amendment was rejected.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Texas, as amended.

The question was taken; and on a division (demanded by Mr. JUDD) there were—ayes 277, noes 4.

So the amendment as amended was agreed to.

The CHAIRMAN. Are there other amendments to this section of the bill?

Mr. HARDY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARDY: On page 12, after line 23, insert:

"(f) The President shall adopt regulations and establish procedures to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries."

(Mr. HARDY asked and was given permission to revise and extend his remarks.)

Mr. HARDY. Mr. Chairman, until recently it never occurred to me—and it probably never occurred to anyone here—that it would be necessary to include in the foreign aid bill a provision which would prohibit the use of our aid in a manner promoting or assisting the foreign aid programs of Sino-Soviet bloc countries. However, in a recent study my subcommittee made into certain aspects of our aid program in Cambodia, it developed that our aid funds were being expended in various ways which resulted in aiding Russian and Chinese Communist aid projects. We found, for instance, that commodities which were imported into Cambodia under our aid were incorporated into a hospital built by the Russians as their No. 1 propaganda showpiece in southeast Asia and that the United States furnished equipment which made the hospital operational when the Russian-designed powerplant proved inadequate. Needless to say, the United States got no credit for this. My subcommittee found also that our aid officials provided Cambodia with radio studios which they knew would be used in conjunction with the Chinese Communist gift to Cambodia of a powerful radio broadcasting complex.

The amendment which I have offered is designed to prevent the commingling of United States and Sino-Soviet bloc aid in any manner which is inconsistent with the best interests of the United States.

I urge the acceptance of this amendment.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Mr. Chairman, I have had consultation with the leadership on both the majority and minority sides of the Committee on Foreign Affairs. I am aware that the gentleman in his recent hearings developed some evidence of comingling of American aid with Soviet aid. I think this amendment is directed to correcting that situation. The committee has no objection to the amendment.

Mr. HARDY. I appreciate the position of the committee, and I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. HARDY].

The amendment was agreed to.

Mr. BYRNES of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BYRNES of Wisconsin: On page 12, after line 23, insert the following: "Notwithstanding any other provisions of law, no monetary assistance shall be made available under this Act to any government or political subdivision or agency of such government which will be used to compensate owners for expropriated or nationalized property and, upon finding by the Administrator that such funds have been diverted by any government for such purpose, no further assistance under this act shall be furnished to such government until appropriate reimbursement is made to the United States for sums so diverted."

Mr. BYRNES of Wisconsin. Mr. Chairman, the purpose of this amendment is very simple. We spent a lot of time yesterday talking about expropriation. I believe, however, an examination will show that we have still in the law a loophole that would permit, even under the amendment adopted yesterday, the furnishing of assistance to a country of U.S. dollars, in order to pay compensation to the individual whose property was expropriated. Such a loophole is simply an encouragement to expropriate. My amendment says that they shall not use American aid funds furnished through this program for the payment of compensation for nationalization or expropriation. It would close the door to such a practice. I talked the matter over with the chairman of the committee and with both sides of the committee, and my understanding is that there is no objection to the basic purpose of the amendment.

Mr. MORGAN. Mr. Chairman, that is correct. I am in sympathy with the objective of the amendment. I was somewhat disturbed when the amendment was first submitted to me that where we were encouraging land reform the amendment might cause some interference with that. But I have taken a more careful look at the amendment and I feel that we could take it to conference and if there is any question about it, we could iron out the difficulty in conference.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman.

Mr. JUDD. The purpose of this amendment is to make sure that a country which nationalizes, expropriates, or otherwise seizes American-owned property, cannot reimburse the owner by using funds provided that country in this AID program. Is that correct?

Mr. BYRNES of Wisconsin. That is correct. It is to prevent making our taxpayers finance nationalization or expropriation in these countries. It simply says that it shall not be done with American dollars furnished under this program. I think everybody certainly will agree that that should not be tolerated.

Mr. JUDD. I agree with the gentleman and support his amendment.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield.

Mr. HAYS. Mr. Charman, I am certainly in sympathy with the gentleman's idea. I do share some concern—and perhaps the gentleman can shed some light on it—over cases where they have condemnation proceedings, where they are breaking up large estates for purposes of land reform, whether those would be adversely affected.

Mr. BYRNES of Wisconsin. Let me suggest that where a highway is going to be built under this program and they have to go in under condemnation proceedings to take over land, that is certainly part of the project authorized, and this amendment would not interfere with such a project. I have no idea that it should.

Mr. HAYS. That is right; or in the case of an estate of thousands of acres being redistributed to small holders, the gentleman's amendment would not apply.

Mr. BYRNES of Wisconsin. I think the question that should be asked is whether it is part of an approved assistance project that is, a project which our Government agrees is essential to the development and advancement of the country.

I think there are two problems. In one case the foreign government takes over an American plant or facility simply for the purpose of eliminating the American ownership. This should not be financed by the American taxpayers. In the other case we may have American facilities where the American owners may desire to have the government buy them out with U.S. dollars. This type of operation should not be financed at the expense of the American taxpayer.

(Mr. BYRNES of Wisconsin asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. BYRNES].

The amendment was agreed to.

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: On page 12, insert the words "or subdivision" in line 3 after the words "governmental agency".

On page 12, insert a comma after the word "country", in line 14 and add thereafter the words "Government agency or Government subdivision".

Mr. ADAIR. Mr. Chairman, the changes proposed by these amendments are quite simple. They make it very clear that the provisions of the expro-

priation section apply not only to central governments, but to political subdivisions thereof. Among others, the gentleman from New Jersey [Mr. JOELSON] has suggested that such a clarification be made in the law.

Mr. MORGAN. Mr. Chairman, these two changes are corrective amendments that the gentleman from Indiana and the gentleman from New Jersey cleared with the committee this morning?

Mr. ADAIR. That is correct.

Mr. MORGAN. We have no objection, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana.

The amendment was agreed to.

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. BOW. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Bow: On page 10, after line 22, insert a new section as follows:

"SEC. 301. None of the program funds (except those for military assistance) made available as a result of authorizations made herein or appropriations made pursuant to authorizations carried herein shall be expended during any month following the close of a preceding month in which the U.S. Daily Treasury Statement indicates that withdrawals from the general fund had exceeded deposits."

Mr. BOW. Mr. Chairman, the purpose of my amendment, as you know, is to stop deficit spending for foreign aid, to put an end to the practice of borrowing money so that we may give it away.

In commenting on this amendment in general debate, I pointed out that this Government of ours has failed to live within its income for 26 of the past 32 years and that the national debt of this country of ours has been increased $32 billion since the end of the Korean war in 1952.

Let me point out that the steadily increasing expenditures of these years have outstripped the revenue despite the fact that we have an almost confiscatory rate of taxation.

Further, let me say that the reason for the spending and for the deficit is not, as many people suppose, the cost of the defense effort. Instead, the Government has failed to live within its income primarily because nondefense expenditures have increased 65 percent during the 1954–61 period, while defense expenditures during the same period increased only 1 percent.

Mark you this, that every minute of every day, every minute of every day and every night, the interest on our public debt is costing us $17,690. Every time the clock ticks the minute—interest—$17,690. What has happened during this period of time when we have been so liberal with $90 billion throughout the world—and some tell me it is more than $90 billion—has anyone ever figured what the interest has been on that $90 billion? What has happened to the buying power of the dollar largely as the result of the deficit spending that we have been engaging in? The dollar is worth less than half of the prewar dollar of 1939. The latest official cost-of-living index figure which I will read to you is at a new alltime high of 129.1 percent of the 1937–49 dollar.

Someone today has said something about the flow of gold. Since January 1 of 1958, our national gold holdings have declined by over $6,300 million. Our gold supply is disappearing at the rate of $4 million per day. We are in a most precarious condition in this respect.

Notwithstanding all of these facts, we continued during the past several years, and we are asked to continue in the future, the insane policy of borrowing money for lavish expenditures abroad. Everyone admits that much of it is being lost in projects that are not proper. Mark you this, with our public debt of today of over $300 billion, the total debt of the entire free world, the other countries of the free world, is $100 billion less than our total. When you take all the countries of the world and consider their debt, it is $100 billion less than the debt of this Nation.

It seems to me, Mr. Chairman, we have got to consider the United States of America when we contemplate the spending of funds in sums of this amount.

Some reference has been made in these debates to a tax reduction, a tax reduction because we face a recession, and it is needed to bolster the economy of the United States of America. We are asked to give a tax reduction; but at the same time we have a bill before us today to spend $4,800 million, with the interest alone for this year and the rest of the time it is out amounting to $190 million every year—the interest alone on what they are trying to get today, $4,800 million, will cost us $190 million every year.

If we are faced with a recession, if we have to reduce taxes in order to bolster the economy of this country, it seems to me, Mr. Chairman, we had better look twice before we continue expenditures of this kind.

Mr. Chairman, the American people are not receiving the kind of down-to-earth information concerning the relative economic ability of this country and the other nations of the world that would permit them to make a realistic decision on foreign aid.

In his testimony to the Foreign Affairs Committee, Dr. Elgin Groseclose referred to the delusion that the United States is the predominant economic power of the world with resources so much vaster than all the rest of the world that we can afford to pour out our wealth in unending and unlimited streams.

Dr. Groseclose referred to this as the Paul Bunyan concept of the United States, and he explained, correctly, I believe, that the American people have been fed this diet from infancy on up, in schools and at home, for generations.

It might have been true in the past.

The figures I have quoted to you, the staggering debt we have imposed upon ourselves, certainly illustrate that this is no longer true. It is time we woke up from our delusions of grandeur and faced the fact that we are going broke in a world where other nations are growing wealthier and that our dollar is, in fact, at the mercy of foreign creditors over whose activities we have no control.

Here are some of the facts concerning the United States.

At the end of World War II we accounted for two-thirds of the world production of iron ore. Now our share is less than one-fourth.

Twenty years ago we accounted for two-thirds of the world's production of oil. Now we are down to 40 percent and still declining.

At one time we produced 65 percent of the world's copper. We now produce only one-fourth.

And still we pose as the economic giant that can afford to tax its citizens heavily and throw their money to the four corners of the earth on gratuities of doubtful value.

The British Ambassador, Sir David Ormsby Gore, illustrates the attitude that is taken by a mature and sophisticated nation. Since maturity and sophistication seem to be two factors that the administration would like to add to the American image, I think the Ambassador's advice merits your attention.

When asked whether the United Kingdom contemplated a more extensive program of aid to underdeveloped nations, Sir David replied:

The first thing to say, in answer to this question, is that, of course, you can't do a great deal in the way of aid until you are earning a good surplus. You can't invest a deficit in foreign countries.

Sir David went on to say that his Government would like to do more for others in the future—

But, I think, our first priority at the present time is to strengthen our own economy, so that we do generate resources which will enable us to expand the help we are giving.

What a refreshing contrast to the reasoning advanced by our own leaders.

Constantine Brown, in a recent column, reported on an interview with a director of one of the great banking institutions in Switzerland. Mr. Brown quoted the unnamed financier as follows:

You are still the richest country in the world, not only in raw materials but in inventive genius, know-how, and daring. But at the rate of your expenditures for domestic progress, defense, and particularly your indiscriminate desire to help the rest of the world, regardless of its desserts, you will not be able to continue to discharge this self-imposed obligation without serious consequences. The gold outflow should be a real warning.

Your rate of taxation—direct, indirect, and invisible—has not yet reached the saturation point, but you are not far from it. Since it is obvious that all your political men are pledged to the continuation of this role of the world's good Samaritan, I cannot see the end of these expenditures.

The outflow of gold is continuing at a more alarming pace than the average American citizen and even your lawmakers realize.

Despite your present efforts, it will be difficult for you to regain your position in the world markets because of the high and increasing cost of production.

In order to gather the necessary funds to continue your gigantic self-imposed task from cradle to grave, the income tax collector will become more arbitrary and increasingly consider the taxpayer as a lemon

which must be squeezed to the last drop. And in the long run, this will cause you serious trouble.

I have only one point of difference with the Swiss banker and that is his reference to "all your political men."

Not all of our political men "are pledged to the continuation of this role of the world's good Samaritan."

I am vigorously opposed, and I trust that a majority in this House will recognize the folly of our position, and the dangers to the future of America, by adopting my amendment this afternoon.

We are spending ourselves to destruction for no useful purpose.

At least we can limit our charity to amounts that are left over from our revenue after we have taken care of our own pressing and almost overwhelmingly expensive domestic programs.

There is a policy of one of our allies—no deficit spending for foreign aid. I say to you, my colleagues, I realize what a futile effort this may be, but there will probably be taken up on this floor legislation to reduce taxes to support the economy of the United States because, they say, we are heading for a recession. Yet, we are still willing to go into further deficit spending for the purpose of carrying out these commitments in foreign aid. It scems to me, Mr. Chairman, we have to be realistic. The time has come when we have to give consideration to the United States of America as well as to the nations throughout the world.

Mr. Chairman, I think the time has come that we take a good, hard look at our own financial situation and if we have a surplus that we continue these programs. So long as it is deficit, let us not do it.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, there have been plenty of times since I have been a member of the Committee on Foreign Affairs that I have thought we were spending too much on foreign aid. There has not been a year since I have been on the committee that I have not offered in the committee an amendment to cut the funds in one category or another and sometimes in several. I did it this year. I supported the Zablocki amendment which cuts $600 million out. I offered amendments of my own on the contingency fund and others. I am sympathetic to anyone who wants to realistically try to cut the cost down. I am not going to disagree with the arguments by our colleague, the gentleman from Ohio [Mr. Bow] about the outflow of gold. But how are you going to go about this? Let me tell you what his amendment would do. Evcn in a year when we had—and I hope we will have such a year some day, we had a couple of them during the Truman administration—even in a year when we would have a balanced budget and surplus, thcre would be months in the year when we would have to suspend the foreign aid program. Why? Because in some months the money comes in faster than in other months. The Members of the House have backed up the committee on the theory that you have to have a long-range planning program. We voted for the Alliance for Progress program. If the gentleman's amendment is adopted, we would go back to a month-to-month basis. Now can you imagine back in your district, where a school district wants to build a school and you let the contract out and then they could work a month on the building of that school and then for 2 months the money might not come in fast enough and they would have to suspend the building? Then when the tax collection time came around, the money would come in and then for 2 or 3 months they could work. Then the slack period would come again and they would have to suspend. I say to you, ladies and gentlemen of the House, let us be realistic about this thing. This amendment is just hopeless. Nobody could operate under it. It would cause the program to be the most wasteful and impractical boondoggle that the world has ever secn. I could even see some sense to an amendment which placed it on a yearly basis, but on a monthly basis there is just no way that you could make thc program work. I think the Members can see that and I do not think I need to say anything else.

I ask, Mr. Chairman, that the amendment be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. Bow].

The amendment was rejected.

Mr. ROGERS of Florida. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROGERS of Florida: On page 11, after line 14, insert the following:

"(c) In section 620(a), which relates to prohibitions against furnishing assistance to Cuba, amend the first sentence to read as follows: 'No assistance shall be furnished under this Act to the present Government of Cuba, or to any country which furnishes assistance to the present Government of Cuba unless the President determines that such assistance is in the national and hemispheric interest of the United States.' "

And reletter the following subsections accordingly.

(Mr. ROGERS of Florida asked and was given permission to revise and extend his remarks.)

Mr. ROGERS of Florida. Mr. Chairman, I offer an amendment to H.R. 11921. The amendment is to section 620(a), a section relating to the prohibition against furnishing assistance to Cuba. The amcndment would prohibit U.S. assistance to any country furnishing assistance to the present Government of Cuba.

Mr. Chairman, the United States has fully declared its position on the present Government of Cuba. This Nation has severed diplomatic relations with the Castro Communists. Our foreign policy annals contain a white paper which bitterly criticizes the Communist takeover of Cuba. The United States has also halted the generous sugar quota granted prior to the Castro regime. This quota became an economic mainstay for the Cuban pcople, and was granted at the expense of our own U.S. sugar industry and its consumers. Fortunately, that situation has been somewhat rectified by the new Sugar Act, and we have increased the marketing quota for our own domestic producers.

We are learning now that the Castro regime is undergoing serious difficulties in Cuba. The Caribbean Communists no longer obtain U.S. dollars for their exports. These exports were cut as a result of the House passing of legislation banning trade with Cuba on September 15, 1961. This action strengthened the hand of the Executive, and was followed by the President's proclamation of February 3 which put a final halt to the influx of Cuban goods coming into the United States. Clearly, this action has weakened the Communist stronghold in Cuba. Shortages of food have been reported, and staples of the Cuban diet have been rationed.

There are further signs of economic difficulty in Cuba. When this Nation severed the Cuban sugar quota, the Soviet Union moved quickly to restore the stability of the Cuban crop by agreeing to barter a generous quota of Cuban sugar for Russian consumption. It has just been announced that the Cuban sugar crop is failing. In fact, it is 1.5 million tons short of its expected tonnage this year. This announcement, surprisingly enough, came from the No. 2 Communist in the Castro regime, Blas Roca, who is largely responsible for the agrarian reform inaugurated in Cuba shortly after the Communist seizure.

Mr. Chairman, it is evident that only the Congrcss can maintain public pressure on the Cuban situation. Without the efforts of the Congress there would have been no ban on Cuban trade. Without the efforts of the Congress, the Cuban sugar quota would not have been materially reduced. It must be recalled that at the Organization of American States Conference held this spring at Punta del Este, there was in attendance a group of knowledgeable Members of Congress who were highly influential in gaining the strong actions against Castro which were achieved. Without this distinguished delegation, which represented both Houses, I venture to say that Fidel Castro and his Cuban Communists would have gotten off with only token chastisement.

In short, Mr. Chairman, without the constant efforts of the Congress, public attention would be divcrted from one international flareup to another. If this were permitted, the thorn of Cuban communism would evoke only sporadic criticism, and would be allowed to return to temporary obscurity while still another trouble spot bid for the attentions of our foreign policymakers. Congress reflects public indignation. The people of America are still indignant about Fidel Castro.

The committee has again this year exercised its wisdom in reporting a mutual security bill which retains the provision prohibiting assistance under this act to the present Government of Cuba. My amendment would go further and lessen the possibility of Cuba getting assistance from other nations purportedly friendly to us.

I ask that this House approve prohibiting assistance to any country which

gives assistance to Cuba. Why should we do indirectly what we would not do directly? During the debates on the 1961 foreign aid bill last year, the committee saw fit to adopt this same amendment which I offer again this year. Unfortunately, the amendment was not retained in conference. I urge the committee to exercise its position and authority in the field of foreign affairs, adopt this amendment, and insist on its acceptance in conference.

Mr. MORGAN. Mr. Chairman, this is similar to the amendment the gentleman from Florida offered to the bill last year. In conference his amendment was shortened. The amendment provides for a Presidential determination. With the Presidential determination the committee has no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida.

The amendment was agreed to.

Mr. FINO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINO: On page 12, line 23, strike out the quotation mark, and immediately below line 23 insert the following:

"(f) No assistance shall be furnished under this Act and no commodities may be sold or given under the Agricultural Trade Development and Assistance Act of 1954, as amended, to any country which does not share the view of the United States on the world crisis. This restriction may not be waived pursuant to any authority contained in this Act."

Mr. FINO. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. The gentleman from New York is recognized for 10 minutes.

Mr. FINO. Mr. Chairman, once again, this Congress is being asked to perpetuate the errors of the past and authorize the expenditure of billions of American dollars for the support of not only Communist governments but neutralist nations as well.

We are told that by giving foreign aid to the neutral nations of the world we are strengthening our position relative to the Communists and advancing the ideals of Western civilization. I question whether this is so.

It seems to me that the facts, as they now stand, demonstrate the futility of the expensive program to shore up the governments and economies of the neutralist nations.

After spending almost $100 billion on foreign aid in all forms since 1945, the hard-pressed American taxpayer is entitled to know exactly where he stands. He is entitled to know how much longer we will persist in these expensive errors.

If you will recall, at the end of World War II, we were told that foreign aid was necessary to revive nations devastated by war. We were further told that foreign aid was necessary to prevent the advance of communism into Western Europe.

The success of the Marshall plan and the program of aid to Greece and Turkey are unquestioned. Here we were building on political and economic structures somewhat similar to our own and working with leaders experienced in the art of self-management.

But now, Mr. Chairman, although our objectives have been achieved in Western Europe, we are still engaged in spending billions and billions of American dollars each year in a vain—yes, even futile—effort to repeat our success throughout the world. Most of the nations of the world are receiving today some kind of aid from the United States.

But we must ask ourselves this question: Are conditions the same as those which prevailed in Western Europe and prospered the generous American policy of aid? Of course not.

The neutralist nations, Mr. Chairman, present entirely different problems in development.

In Korea, Laos and elsewhere it has been demonstrated that huge sums of money may be poured into an area with a disappointingly low level of economic resurgence as a result.

We have found, regretfully and expensively, that many of the neutralist nations do not have the resources to back up a program of economic expansion. Others have the resources but lack the leadership to shape a policy of economic growth. We fool ourselves if we think that merely making money available will meet either of these perplexing situations.

Last year, this Congress appropriated $1,112,500,000 for development loans. To this date only $112 million of that sum has been obligated. Why? The reason is simply that the nations to which the money was made available were not interested or unable to carry out on their own initiative the domestic policies required to make foreign aid effective.

These domestic policies include such elementary reforms as changes in feudal land-tenure systems and the institution of equitable taxation schedules.

It should be quite evident by now that foreign aid to the neutralist nations has not won them over to our way of political thinking.

Let us consider Yugoslavia. After 14 years and over $2⅓ billion of U.S. money, this country is still a Communist dictatorship that has agreed with Soviet Russia on bomb tests, on the German issue, and on colonialism. In other words, there is no difference between the foreign policy of Yugoslavia and the foreign policy of Soviet Russia. And, if anyone had any doubts about the friendly relationship between these two Communist countries, those doubts were resolved on May 17 when Khrushchev visited Tito. On that occasion, Khrushchev said:

Our relations were rather strained previously but now I can say with satisfaction that our relations are good.

Is it not wonderful? This is after pouring over $2 billion into Yugoslavia and after her resources have been freed by American aid.

Let us look at India. Here is another classic example. We have, in the past 10 years, pumped over $3.3 billion of aid into this country. Under this foreign aid program more is going to India—even after the Communist aggressive methods she used in overrunning and stamping out tiny Goa. Have we influenced India? Have we made a friend out of India? Hardly.

We have not only been assailed and condemned by India but now even threatened. She has asked that we furnish her with fighter jetplanes, otherwise she will buy them from Soviet Russia. The part that is more difficult to swallow is that India will be using our foreign aid money to buy Soviet jets.

To show her gratitude for all the help we have given, Nehru recently said in a speech before the Indian Parliament:

The United States has always adopted an anti-Indian attitude to almost all matters that have been of passionate interest to us.

What nonsense. We find ourselves in hot water with Portugal because we did not support her charges against India on the Goa grab. Now Portugal wants more money from us for renewal of our rights to use the strategic base in the Azores.

To get an even better idea of the close relationship between Soviet Russia and India, all we have to do is look at Russia's recent vote in the U.N. Russia cast her 100th veto to kill a U.S.-supported proposal for renewal of India-Pakistan negotiations on Kashmir which India claims as her property.

What about Egypt? Well, she has been the beneficiary of millions of American dollars. Now we are told that Nasser wants more money but only on his own terms. As we understand the picture, Nasser will not accept aid from the United States unless we promise to keep Israel out of the European Common Market. In other words, Egypt wants the United States to help her with our money to tear down and cripple the economy of a truly great democracy.

There is more of this kind of nonsense. Let us take South Vietnam which we have defended from North Vietnam. They tell us that they will accept $22 million of foreign aid but no strings attached. They refuse to spend the money in our own country for U.S.-made goods. What price gratitude?

Let us take a look at Poland. This is another country which has a definite Communist government and yet has been recipient of our extreme generosity. The American taxpayers are entitled to ask: After these many years and dollars, what have we, or for that matter the Polish people, gotten from almost $1 billion of aid?

Another Communist-line follower is Indonesia. Here is a country which is not content being left alone. No. She is threatening to grab property of the Netherlands. The interesting part about Indonesia is that she accepts financial

aid not only from the United States but from the Communist camp as well.

How friendly have these countries been to our cause?

Let us take a close look at Burma, Ceylon, Indonesia, and India. All of them refused to become members of the Southeast Asian Treaty Organization. Ceylon, recipient of our American aid, expropriated American oil installations which, according to reports, now distribute Soviet oil. And who was critical of our role in Laos? None other than India.

How are we doing south of the border? How neighborly are our Latin American neighbors? Six Latin American States, including Brazil, with billions of foreign aid, refused to join us in reading Castro out of OAS. This kind of abstentions at Punta del Este can give us a clear picture of the Latin American distaste for American policy. Let us not forget Brazil which has expropriated some $14 million of American private property.

Mr. Chairman, for years I have urged a complete reevaluation of this entire foreign aid program. Today, more than ever, the need is urgent. Especially, when, we are told by the Committee on Government Operations that U.S. foreign aid has been commingled with Communist funds in building a Russian-financed hospital in Cambodia for which the Soviet Union received credit. And in constructing two radio studios which, when completed, became an adjunct for a Chinese Communist gift to the Cambodian Government of a radio broadcasting station.

As the situation now stands, it would appear that we have established in this country a new organization called the ASPCC—the American Society for Prevention of Cruelty to Communists. The members of this society complain that if we cut our aid to these neutralist nations and Communist countries, our efforts to win them over to our side will be wrecked. This is pure and simple nonsense. As one newspaper recently put it:

> We might just as well give the money to Khrushchev directly so that he can buy spades to bury us with.

Another newspaper hit the nail right on the head when it commented on these Washington weepers. It said:

> Why not give aid to some more countries? How about setting a big program of U.S. aid for Red China, hoping to woo it to our side? Why not resume diplomatic relations with Castro, put them high on our aid list and forget his thefts of American property and crimes against the Cuban people?

Why, if we were to follow Russia's policy we would be better off. Russia carefully picks its recipients of aid and gives only with strings attached. They seem to be doing much better with much less money.

It is time that we confronted all of these neutralist nations with our mounting disturbance and indignation. It is apparent that the only way they will understand our displeasure is to declare strongly, firmly and finally that there will be no further aid for neutrals.

Looking at this entire foreign aid mess with its pitiful results, I say the time has come to call a halt to this tremendously costly program.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Chairman, I ask unanimous consent that the Fino amendment be reread.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk again read the Fino amendment.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from Ohio.

Mr. HAYS. I just want to express sympathy for the wife of the author of this amendment. Presumably when she disagrees with him, her funds are cut off.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from Minnesota.

Mr. JUDD. Mr. Chairman, the Communist strategy all along has been to try to divide the strong free nations and subvert the weak. Our strategy has been to try to unite the strong and strengthen the weak, so that they too cannot be subverted. If there is anything that would play into the Communist's hands, however unintentionally, more than this amendment would do, I do not know what it would be. It would divide us from both strong and weak nations everywhere.

The United States is not trying to make subservient satellites; the United States is trying to help other countries become strong, self-reliant, and independent. To try to dictate what policies other countries must follow would be injurious to our own national interests. I trust that the amendment will be rejected.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from Illinois.

Mr. YATES. Would not this amendment destroy NATO in the event one of our NATO allies tended to disagree with us?

Mr. GALLAGHER. Yes. I might also add that we can take as an example any one of the NATO nations—Italy, for example, could very well be cut off over a disagreement in the United Nations from all of the programs within the NATO complex. Further wherever there is a multilateral program such as malaria control, UNICEF, and the various health programs all funds would have to terminate if any one nation would disagree with us at anytime. We would be prohibited from participating in them. So there would be far-reaching results if this amendment were adopted.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman.

Mr. DINGELL. I would like to ask the author of the amendment if he can name to us one nation which would qualify for assistance if we adopted the gentleman's amendment.

Mr. GALLAGHER. The gentleman has brought out a worthwhile point, and I think on the basis of the arguments the amendment should be voted down, and I so urge the committee.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from Minnesota.

Mr. JUDD. Of course, when it is required that they share our world view, the question might be asked, What is our own world view? It is not unanimous or fixed.

Mr. GALLAGHER. That is the point. There is no standard of measurement in the amendment; therefore no basis of understanding could prevail were a dispute to occur.

Mr. JOELSON. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from New Jersey.

Mr. JOELSON. I would like to say this: Why make a nation agree with us on the world crisis when we have demonstrated here today that we cannot agree with one another? How can we expect the rest of the nations to agree with us? The amendment is so vague as to be meaningless. Where can you ever expect complete agreement?

Mr. GALLAGHER. Mr. Chairman, the gentleman makes an excellent point. I urge that the amendment be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. FINO].

The amendment was rejected.

Mr. CRAMER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. CRAMER: On page 12, line 23, strike the quotation marks at the end thereof, and add thereafter the following:
>
> "(e) In section 620, which relates to prohibitions against furnishing assistance to Cuba, add after the word 'Cuba' the following: 'and the President shall take such action as is necessary to prevent the direct or indirect transfer of dollars or other things of value for indemnity, redemption, or ransom to Cuba'."

Mr. CRAMER. Mr. Chairman, I have spoken on this issue before on the floor of the House as appears in the RECORD, page 8847, May 31. I am serious in offering this amendment. I think it is a good amendment, and if read in conjunction with the existing language I think you will agree with that.

Mr. Chairman, Congress wrote into this section some time ago, section 620, a prohibition against furnishing assistance to Cuba, and other countries, the following language:

> No assistance shall be furnished under this act to the present Government of Cuba.

Quoting further:

> As an additional means of implementing and carrying into effect the policy of the preceding section, the President is authorized

to establish and maintain a total embargo upon all trade between the United States and Cuba.

Now, my amendment simply puts that embargo into effect, and puts some teeth and some meaning into it by preventing ransom, or indemnity dollars, from going to Communist Castro. In other words, what difference does it make if you cut off trade with Cuba, both direct and indirect, which the President has done, even indirectly keeping tobacco from coming in from Canada and the Canary Islands by invoking the Trading With the Enemy Act, if you permit dollars to go to Cuba in the form of ransom? Little has been accomplished. Sixty-two million dollars being demanded by Castro is as much as 3 years of tobacco trade. As a matter of fact, this ransom deal has more lives than a cat. I thought it was dead last year when the President of the United States, in effect, endorsed the tractors-for-prisoners deal and then withdrew his endorsement in October when the President and the administration said—and it was publicly announced—that it was withdrawing any and all support of the indemnity demand or payment for tractors thereunder.

In April of this year Fidel Castro asked not for $20 million worth of tractors for prisoners; he asked for $62 million worth of American dollars in ransom and indemnity to be paid for prisoners. That, now, is being indirectly endorsed by the administration through the following means: On December 6 of last year the administration condoned the payment of contributions to be made to the Alien Cuban Families Committee for Raising Money for Prisoners and in effect ruled that those contributions were tax deductible. This means that the taxpayers of the United States are going to end up paying about one-half of all such indemnity and ransom payments in the form of lost revenue.

Mr. Chairman, permit me to read to the Members the reasoning of the administration in so ruling, and I quote a letter from the Secretary of the Treasury:

This is Secretary Dillon's letter in April to me which he says was concurred in by the Attorney General and by the Secretary of State. And this will be the policy of the United States of America unless this amendment is adopted. Listen to this as the interpretation of the foreign policy of the United States of America, quoted by the administration:

Throughout history the redemption of prisoners has been regarded as a charitable activity.

I asked the Secretary: Since when? I asked him how could he equate charity with giving aid to the enemy. I asked this administration whether the ransoming of prisoner enemies which the President himself has so declared Fidel Castro to be by his invoking of the Trading With the Enemy Act—since when has the ransoming of prisoners from the enemy by this most powerful and free country ever been considered a "charitable activity"?

I ask that question of the administration and of the Secretary of State and by this amendment I say never—I say never in the history of this country has this country at any time paid ransom for prisoners—and that we never should.

And if they are going to pay ransom, does it make sense to pay ransom in this instance when there has been no ransom paid for the U.S. citizens, many in uniform, who fought for their country in South Korea but are still being held prisoners in North Korea and in Red China?

Do you hear a clamor being raised for their freedom by the administration? No.

After the administration put 1,200 cigarmakers in my district out of work in an effort to try to cut off money from going to Castro in the form of imports of tobacco, now the administration is indirectly backing the proposal for $62 million to go to Communist Cuba in the form of ransom anyway. And I read just on Wednesday, June 27, where there was formed a new ransom committee made up of American citizens in the United States—shades of the old tractor committee.

So we are right back where we started. And you will remember that a distinguished Member of the other body raised the question, If a U.S. citizen tries to raise money to go to an enemy country, is he not violating the Logan Act? I ask further, is not an alien committee violating the Trading With the Enemy Act?

And who is on that committee, on the new ransom committee? The committee of 51 prominent persons includes the First Lady's sister, Princess Lee Radziwill, of Paris, and certain American citizens which has been organized in the drive for $62 million.

This recent formation of this committee plus the President's recent endorsement of this raising of ransom seems to me to necessitate a statement of policy by Congress opposing dollars for Castro. This is what the President said in his press conference Wednesday, June 27, 1962—

Question. The organization of a committee to raise $62 million to ransom the invasion prisoners held by Castro was announced yesterday. One of its members was your sister-in-law, Mrs. (Lee) Radziwell. Do you approve of public subscription to ransom these prisoners, and don't you think this money would contribute a great deal toward easing Castro's economic difficulties?

Answer. I am not informed about it. She is a citizen and is free to make a judgment and anyone who wishes to contribute is certainly free to do so. I certainly sympathize with the basic desire which is to get a good many hundreds of young men out of prison whose only interest was to free their country. So I am not critical of any efforts made in this field.

I, too, sympathize with the prisoners but I oppose paying ransom to Communist Castro—the enemy under any guise or excuse and I am amazed at support for such action.

Mr. Chairman, I ask that the amendment be agreed to.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that the amendment be rereported.

The CHAIRMAN. Without objection, the Clerk will rereport the amendment.

The Clerk rereported the amendment offered by the gentleman from Florida [Mr. CRAMER].

Mr. MORGAN. Mr. Chairman, I would like to ask the gentleman who is the author of the amendment whether his amendment concerns only ransom dollars.

Mr. CRAMER. Ransom dollars or other things of value such as tractors. But it only involves ransom or indemnity. It does not involve, even though I am in favor of it, the cutting off of the payment of dollars to employees at Guantanamo Bay, for instance.

Mr. MORGAN. This amendment would not prevent the United States from paying for our rent or other expenses at our Guantanamo base.

Mr. CRAMER. It would not. It was purposely worded to that effect; although, as I stated previously, I still feel we could cut the dollars we are paying at Guantanamo Bay, if the administration were willing.

Mr. MORGAN. It would not cut off the right of our people to pay for the water and electric lights at Guantanamo?

Mr. CRAMER. No, it would not. It has not that intent or purpose.

Mr. MORGAN. It only concerns ransom dollars?

Mr. CRAMER. That is correct.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. JUDD. Do I understand correctly that the gentleman's amendment would not make it impossible for us to assist in the transportation of refugees to the United States by commercial airlines, as we have been doing?

Mr. CRAMER. It has nothing to do with that whatever.

Mr. JUDD. That would not be considered as a part of providing ransom, would it?

Mr. CRAMER. I do not see how it possibly could.

Mr. MORGAN. Also, we pay pensions in Cuba to some of the pensioners of the Spanish-American War. This would in no way interfere with the pension rights of veterans in that country?

Mr. CRAMER. It certainly would not, I would say to the distinguished chairman.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. There was a statement made that our State Department or the Secretary of State has made no effort to release the prisoners held in China. I was assured 2 weeks ago in reply to my inquiry that every effort is being made for the release of those prisoners or an accounting of those prisoners to be made by Red China.

Mr. CRAMER. My statement was that there has been no committee formed for the purpose of gathering money for ransom. That was my statement.

Mr. GALLAGHER. I am glad to hear that statement.

Mr. CRAMER. There never has been in the history of this country.

Mr. MORGAN. I understand that the gentleman's amendment concerns only ransom payments. I understand also that it would not affect the pay at Guantamo and the Trading With the Enemy Act would not be affected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. CRAMER].

The question was taken; and on a division (demanded by Mr. CRAMER) there were—ayes 103, noes 110.

Mr. CRAMER. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. CRAMER and Mr. GALLAGHER.

The Committee again divided and the tellers reported that there were—ayes 134, noes 137.

So the amendment was rejected.

Mr. FEIGHAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FEIGHAN: On page 12, line 23, strike out the quotation mark and immediately below line 23 on page 12 insert the following:

"Any assistance furnished under this Act to any country dominated or controlled by communism or Marxism shall become effective only after the beneficiary government has agreed to and has permitted accredited American voluntary agencies the opportunity to establish, direct, and supervise nongovernmental relief programs through which the freely given gifts of the American people are made available to the needy in such country regardless of race, color, creed, or political convictions."

(Mr. FEIGHAN asked and was given permission to revise and extend his remarks.)

Mr. FEIGHAN. Mr. Chairman, this amendment provides very simply that no assistance shall be given to Communist countries until they permit the American-accredited voluntary agencies to be established, to direct and to supervise nongovernmental relief programs that are supported by the American people.

My purpose in offering this amendment is to strengthen the hand of President Kennedy by allowing the elasticity of judgment and discretion which has been advocated by many supporters of aid to the Communist regimes in Yugoslavia and Poland. The amendment which I propose strengthens the hand of President Kennedy in negotiations with the Communist regimes of Yugoslavia and Poland and any other Communist-dominated countries which might join the international Communist breadline which has existed for some time in Washington. It provides the President with political leverage which he does not now have to cause all recipient governments to honor the provisions of the Declaration of Human Rights by the United Nations. It is the stated purpose of our foreign assistance programs to promote and advance the cause of human freedom and opportunity throughout the world. The amendment which I have proposed conforms to the letter and spirit of that objective.

It is a well-known fact that accredited American voluntary agencies have been excluded from operations in every country under Communist domination. Their exclusion results from their practices of distributing American relief to the needy in foreign countries without discrimination as to race, color, creed, or political convictions. I might note in this connection that all Amerian voluntary agencies participating under Public Law 480 are required to adhere to this principle and this basic principle expresses fundamental Americanism. The U.S. Government has well-established procedures for accrediting voluntary agencies for work abroad, and Members of Congress can be sure that such agencies as are accredited have demonstrated records of achievement in all fields of relief and assistance to needy people.

I do not believe it is asking too much of regimes in countries which will benefit under the requirements of this provision to demonstrate their good faith, confidence in, and friendship for, the American people. This is the least we can ask of those regimes. If they do desire friendship with the American people, if they do seek an accommodation with the United States, they will not hesitate to welcome with open arms the good works of American charity for which these voluntary agencies are known favorably the world over. Refusal on the part of any regime to permit these American voluntary agencies an opportunity to establish, direct, and supervise nongovernmental relief programs would provide clear evidence of their lack of confidence in, and absence of friendship for, the American people.

I urge the adoption of this amendment as a means of demonstrating American friendship for the needy people in all countries requiring a special Presidential determination because of the character of the regimes in power. In our worthy desire to help needy people in other lands, we must be certain that the programs we support will strengthen the bonds of friendship and understanding on a people-to-people basis. The amendment I have offered has no other objective but this. Any regime that will not permit accredited American voluntary agencies to come in and extend the warm hand of friendship and assistance to the poor and the needy and the downtrodden without regard to race, religion, or political convictions, creates an irremovable doubt in my mind as to its honesty and intentions.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. FEIGHAN. I yield to the gentleman from Ohio.

Mr. HAYS. Will the gentleman tell us what effect his amendment would have on Spain if the Lutheran services wanted to establish branches all over Spain.

Mr. FEIGHAN. It has no effect whatever. Spain is not a country which is included in the amendment because Spain is not controlled by a Communist regime and Spain is not listed among the countries in the amendment by the gentleman from Texas [Mr. CASEY].

Mr. HAYS. Does not the gentleman think it ought to apply to Spain?

Mr. FEIGHAN. If the people of Spain were under a Communist regime, I would certainly think it should apply to Spain with equal force and effect.

Mr. HAYS. I am glad to get that on the record.

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield?

Mr. FEIGHAN. I yield to the gentleman from California.

Mr. ROOSEVELT. Would not the effect of this amendment be just what was complained about before, if the country refused to allow these agencies to exist then the CARE packages could not be admitted?

Mr. FEIGHAN. Would the gentleman repeat that question?

Mr. ROOSEVELT. Has not this amendment exactly the same trouble with it that the previous amendment had, as was previously pointed out, with relation to CARE packages? In other words, if the country did not set up or allow these agencies to be set up, then CARE packages could not get to these people behind the Iron Curtain?

Mr. FEIGHAN. But this amendment would permit CARE packages or any other voluntary packages to be sent directly to people, as distinguished from governments. It would prohibit government-to-government gifts, such as those under Public Law 480, unless the recipient or beneficiary country permits American accredited voluntary agencies to make distribution of foods, clothing, and medicines to the needy within that country.

Mr. ROOSEVELT. If they refuse it, then the relations of American citizens to CARE packages would be cut off?

Mr. FEIGHAN. If you mean CARE packages that include Public Law 480 products and are covered by free transportation, the answer is yes, unless the beneficiary government permits accredited American voluntary agencies to operate within that country. It has nothing to do with freely given gifts by the people of the United States sent to individuals in Poland or Yugoslavia or any other nation controlled by a Communist regime.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Ohio.

Mr. Chairman, I think this deals with the general subject that the committee has spent all afternoon on. It is a new method of denying assistance to the governments named in the amendment that was adopted. The gentleman's amendment raises again an issue which the House has already dealt with.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. The Chairman is absolutely correct.

Mr. FEIGHAN. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Ohio.

Mr. FEIGHAN. I beg to differ with the distinguished chairman of the Committee on Foreign Affairs, because under this amendment any nation which is named in the Casey amendment can receive CARE packages or any other gifts from American people, provided they

permit the voluntary accredited agencies of America to operate and to distribute within their country. Absolutely every nation could accept them, and we could give it to them, including the Government.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Ohio.

Mr. HAYS. If it is such a good amendment, why do you not apply it to everybody?

Mr. FEIGHAN. It does.

Mr. HAYS. You said it did not apply to Spain. I do not want to cut Spain off, but if this is such a great opportunity—and you are a good friend of Spain and so am I—and if your amendment is so good, why not apply it universally?

Mr. FEIGHAN. Because Spain is not a Communist country in the first place. Secondly, accredited foreign organizations are making this distribution.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. The great weakness of this amendment is that it creates a new factor, a private agency which may not be in favor with the Government, that is, a charitable organization that may or may not be in good standing in a particular country, or where there may be a personality clash. This will immediately have an effect in various foreign countries. Some of these agencies presently carry on their good work in Yugoslavia and Poland.

Mr. FEIGHAN. They do not. They are not permitted to operate in Poland.

Mr. GALLAGHER. The Catholic Charities operates in Poland and similar agencies operate in Yugoslavia.

Mr. MORGAN. I think the amendment does not accomplish what the gentleman intends, and I ask the House to vote it down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. FEIGHAN].

The amendment was rejected.

The Clerk read as follows:

"CHAPTER 2—ADMINISTRATIVE PROVISIONS

"SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

"(a) In section 621, which relates to exercise of functions, delete '(a)' and strike out subsections (b), (c), (d), and (e).

"(b) Amend section 624, which relates to statutory officers, by striking out subsection (d) and redesignating subsection (e) as subsection '(d)', inserting in paragraph 2(A) of redesignated subsection (d) ', and programs being conducted' by United States Government agencies under Public Law 86-735,' after 'Peace Corps', and inserting in paragraphs (5) and (7) of redesignated subsection (d) ', and Public Law 86-735' after 'part II of this Act'.

"(c) Amend section 625, which relates to employment of personnel, as follows:

"(1) In subsection (b) strike out 'seventy-six' in the first sentence and substitute 'one hundred'.

"(2) In subsection (d) add the following proviso before the period at the end of paragraph (2): ': *Provided further,* That, whenever the President determines it to be important for the purposes of this Act, the President may initially assign personnel under this paragraph for duty within the United States for a period not to exceed two years for the purpose of preparation for assignment outside the United States; however, the authority contained in this proviso may not be exercised with respect to more than thirty persons in the aggregate'.

"(d) In section 629(b), which relates to status of personnel detailed, strike out '624 (e)' in the first sentence and substitute '624(d)'.

"(e)(1) In section 634(d), which relates to reports and information, strike out 'In January of each year' and 'preceding twelve months' in the first sentence and substitute 'At the end of each fiscal year' and 'fiscal year' respectively.

"(2) After the first sentence of such section 634(d) insert the following: 'There shall also be included in the presentation material submitted to the Congress during its consideration of amendments to this Act, or of any Act appropriating funds pursuant to authorizations contained in this Act, a comparison of the current fiscal year programs and activities with those presented to the Congress in the previous year and an explanation of any changes.'

"(f) In section 635(h), which relates to general authorities, strike out 'and V' and substitute ', V, and VI' and strike out 'made'.

"(g) In section 637(a), which relates to administrative expenses, strike out '1962' and substitute '1963'."

Mr. FARBSTEIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FARBSTEIN: On page 14, immediately below line 10, insert the following:

"(e) In section 634(a), which relates to reports and information, insert the following before the period at the end of the second sentence: 'and on progress under the freedom of navigation and nondiscrimination declaration contained in section 102'."

Mr. FARBSTEIN. Mr. Chairman, this amendment is a conforming amendment. It seeks to conform the House bill under consideration to the Senate bill, which carries identical language and has been adopted insofar as the subject of discrimination is concerned.

It requires the President to report annually on the progress being made on the congressional declaration in the Foreign Assistance Act of 1961, which says "it is the policy of the United States to support the principles of increased economic cooperation and trade among countries, freedom of the press, information and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion."

The Congress has for years been deeply concerned over the disturbing practice of Arab discrimination not only against Americans of the Jewish faith, but also against American business, whether Jewish or not, so long as they do business with Israel. I might suggest that the same applies to discrimination by any country against Americans of whatever religious affiliation. Both bodies have repeatedly expressed this concern through a series of resolutions designed to serve notice on the administration that it must call a halt to a policy of allowing foreign governments to deprive some American citizens of their rights. It is, however, a grim fact of diplomatic life that such congressional expressions have been consistently ignored and frustrated.

It is not my intention to repeat what has been said here on this subject in the past, dozens and dozens of times; but I think it must be pointed out again that the very nations which insist upon exercising these various forms of discrimination against Americans of the Jewish or any other faith are among the major recipients of U.S. foreign aid dollars collected from the taxes of all American citizens.

How can we reconcile such a state of affairs? Are we to accept the bitter-end insistence by Arab states that they are still at war with Israel and that what flows from this fanatical position in an all-out economic and psychological war against Jews of all nations—especially American Jewish citizens and certain segments of American business, by other countries against individuals of religious faiths other than that of their own.

The Congress has already indicated on several occasions that its answer is a resounding "no."

Mr. Chairman, the amendment I introduced during committee hearings on the Foreign Assistance Act, and which has been written into the bill now under consideration—in an effort to go beyond mere congressional expressions, requires the Secretary of State to report annually on the measures taken to enforce the principles stated in the House version of the foreign aid bill.

This amendment, I am now offering the President to report annually to Congress, on steps being taken to counter Arab and other discrimination and the original amendment making the same request of the Secretary of State, will be constant reminders to the administration that a more forceful approach needs to be taken toward eliminating these practices which are, in effect, an insult to this Government. It is my sincere hope that these amendments will serve more effectively to accomplish what previous congressional resolutions have been unable to do.

Hon. EDNA F. KELLY, Hon. HERBERT ZELENKO, and Hon ALFRED E. SANTANGELO join with me in the above remarks I am pleased to state.

Mr. TOLL. Mr. Chairman, will the gentleman yield?

Mr. FARBSTEIN. I yield to the gentleman from Pennsylvania.

Mr. TOLL. Mr. Chairman, I support the Farbstein amendment.

(Mr. TOLL asked and was given permission to revise and extend his remarks.)

Mr. TOLL. Mr. Chairman, the Government of the United States has always regarded the protection of the essential rights and liberties of its citizens as its prime responsibility. American history records numerous attempts by foreign powers to discriminate against American citizens. To cite some examples, one need only look to the strong censures by the State Department of Germany, and Danzig from 1938 on, protesting discrim-

inatory procedures levied against the members of the Jewish faith. In 1939 the U.S. consul in Danzig stated that the United States declines to recognize the rights of other nations to apply measures to American citizens which would have the effect of arbitrarily dividing them into special classes and subjecting them to differential treatment.

The continuing Arab boycott of American citizens and industry doing business with Israel is a campaign of intimidation aimed against non-Jews as well as Jews, and, in fact, any organization or individual with even the most tenuous relationship to Israel. Intrusions upon the sovereignty of the United States and discriminatory abuses visited upon its citizens is without justification in American law or tradition. Firm insistence by our Government on our venerated principles of morality and law have guided American policy and protected American rights in the past. This proposal is consistent with all our past efforts to insure that the protection of American liberties is extended to our citizens in all areas of the globe; it is consistent with the basic principles of American life and our treasured heritage; and, furthermore, it upholds and advances American prestige at home and abroad by demonstrating our continued devotion to freedom and equality.

The United States has always prided itself on trying to practice fairplay and serving the highest interests of justice. Our Founding Fathers revolutionized political philosophy when they set the pattern for the struggle of the common man for equality and freedom. Millions look to us for guidance and leadership and we can give them moral principles by which they can govern their future. American ideals, thought and principles have long been beacon lights guiding the nations of the free world. This measure can only further the spread and adoption of equality and freedom for all.

The foremost leaders of our era are all agreed that the surest and swiftest road to a relaxation of international tension and the promotion of lasting peace is a cognizance of humanity's common goal—world recognition of human equality. America has been and must continue to be the vanguard of liberty. It is our duty as the foremost nation of the world to continually manifest our belief in human dignity. We must set an example for the world that our Government will not tolerate discrimination practiced against any citizen of the United States by reason of his race, color or creed. We can not hope for adoption of our principles by other nations unless we first prove our faith in them. I rise in support of this amendment as a great stride forward in the preservation of human liberty and the promotion of world peace.

Mr. ROSENTHAL. Mr. Chairman, will the gentleman yield?

Mr. FARBSTEIN. I yield to the gentleman from New York.

Mr. ROSENTHAL. Mr. Chairman, I support the amendment and commend my colleague from New York for his amendment.

(Mr. ROSENTHAL asked and was given permission to revise and extend his remarks.)

Mr. ROSENTHAL. Mr. Chairman, I commend my colleague from New York for his amendment, and join him in urging its enactment. Let the world know that our Government cannot countenance discrimination by foreign nations against our citizens because of their race, color, or religion. Let those nations receiving our aid, especially, know that the eyes of the Congress of the United States are upon them, and that the President of the United States has been required henceforth to report to Congress each year his progress in overcoming this lamentable state of affairs.

This problem has been a sore point since 1956, Mr. Chairman. The Arab States and the Arab league have organized extensive boycotting and blacklisting efforts against Americans of the Jewish faith. These absolutely illegal activities have been extended to American firms, regardless of the faith of their owners or managers, if they do business with the State of Israel, or are believed to be supporting the Israelis in any way.

When we were a young nation we went to war in defense of the rights of American citizens traveling or trading abroad. Now that we are a great and powerful nation, it is strange that we permit other nations to abuse our citizens and business firms in this way. Today we hear reports that President Nasser brazenly insists that he will not accept our aid unless the United States attempts to keep Israel out of the European Common Market. Despite this effrontery, our aid to Nasser's Egypt will perhaps actually be increased. In my opinion such action would be deplorable.

This amendment has been in the Foreign Assistance Act in one form or another since 1956. The language of this year's provision differs from that of previous years, and we have reason to believe that action may finally be taken to end these invidious attempts at discrimination against American citizens. I urge its adoption and its forthright implementation by the administration.

Mr. FRIEDEL. Mr. Chairman, will the gentleman yield?

Mr. FARBSTEIN. I yield to the gentleman from Maryland.

Mr. FRIEDEL. Mr. Chairman, I wish to commend the gentleman from New York [Mr. FARBSTEIN] and associate myself with his amendment. I wish to state also that I am in hearty support of the amendment.

(Mr. FRIEDEL asked and was given permission to revise and extend his remarks.)

[Mr. FRIEDEL addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. PUCINSKI. Mr. Chairman, will the gentleman yield?

Mr. FARBSTEIN. I yield to the gentleman from Illinois.

Mr. PUCINSKI. Mr. Chairman, I wish to associate myself with the remarks of the gentleman from New York [Mr. FARBSTEIN], and commend the gentleman for his amendment. It is long overdue.

(Mr. PUCINSKI asked and was given permission to revise and extend his remarks.)

Mr. PUCINSKI. Mr. Chairman, I believe the amendment offered by the gentleman from New York [Mr. FARBSTEIN] is long overdue.

For too long we have tolerated discrimination against American citizens in many of those nations which owe their very survival today to American assistance. It is incredible to think that we would permit American soldiers to be denied the right to serve their country and the cause of freedom in any nation of the world simply because of their religious beliefs.

And yet we know that even at this late date there are nations in the Middle East and the Arab Republic who have refused to permit American soldiers to enter these countries because they happen to be of the Jewish faith.

Mr. Chairman, I hope the President will put the full spirit of this amendment into effect as quickly as possible. I do not know how anyone can justify further assistance to any country which would bar any American from traveling or doing business in that country solely because of his own personal religious beliefs. Assisting such countries with American taxpayers' money makes a mockery out of our own Bill of Rights. I am firmly convinced that we have permitted Nasser and the Arab nations to discriminate against American citizens on the basis of their religion much too long, and this fallacious policy has served only to weaken respect for the United States.

Mr. Chairman, I regret that the language incorporated in this amendment does not go further, but I am told by members of the Foreign Affairs Committee that this amendment will help the President seek a more equitable solution to this problem in the Middle East. My own feeling is that the language should be stronger.

Recently I included in my questionnaire which I sent to my constituents, the following question:

Do you favor denying further loans or other aid to Egypt until Nasser opens the Suez Canal to free access by all nations?

While the final results of my questionnaire are still being tallied, I can report that on the basis of incomplete returns, more than 80 percent of my constituents answered in the affirmative. This figure becomes particularly significant when you take into consideration the fact that I represent a highly cosmopolitan district in which no single religious or ethnic group predominates.

Thus, the fact that 80 percent of those answering the questionnaire in my district recognized that Israel along with all the other nations of the Middle East should have complete access to the Suez Canal reflects the mature judgment which Americans of all religious faiths and ethnic backgrounds display toward this whole problem of discrimination in the Middle East.

It is for this reason that I am very happy to support the amendment offered by the gentleman from New York and I sincerely hope the administration will implement it to the fullest extent in our future dealings with the Middle East.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. FARBSTEIN. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Chairman, I commend the gentleman on his statement, and rise in support of the gentleman's amendment.

(Mr. YATES asked and was given permission to revise and extend his remarks.)

Mr. YATES. Mr. Chairman, the gentleman from New York has presented an excellent amendment and a most forceful statement in support of it. I will vote for his amendment. I believe we must press the Department of State for greater aggressiveness in carrying out the intent of Congress that American citizens be protected from discrimination because of race or religion. The Department tends too easily to dismiss our purposes with a mild letter of protest, and the offending States continue their abhorrent practices.

I have been protesting for years against the manner in which the State Department looks the other way in connection with the discriminatory tactics practiced by the Arab States against Americans of the Jewish faith. On May 29, 1957, I took the floor on the Department of Defense appropriations bill to protest against the flagrant religious discrimination against American military personnel by Saudi Arabia, and I have made my objections known periodically since that time. Unfortunately, little progress, if any, has been made in eliminating the disgraceful, demeaning and intolerable attitudes and treatment of Americans of Jewish faith, and for that matter, of all firms dealing with Israel.

Freedom of religion is a cornerstone of the American way of life. The failure of the Department of State to insist upon observance of this basic American principle deprives a substantial number of Americans of their constitutional rights.

Unfortunately, this is but one example of a Department of State attitude which has been evident for many years, an attitude which accords special consideration for Arab nations. This view is frequently exhibited in the strained relationship between Israel and the Arab nations. Israel is a nation whose traditions of individual freedom and democracy closely resemble our own. This little land has furnished a haven for the refugees of the nations of all the world. It has lifted itself by its boot straps to a flourishing and prosperous position.

Its present high development, its very existence was assured only after a bloody war in which it defeated the might of the Arab nations which refused to agree with the decision of the United Nations recognizing Israel's nationhood. The Arab nations threaten Israel daily that they will drive the people of Israel into the sea.

The tenuous armistice between the Israeli and Arab nations is frequently broken by gunfire and border fights. The possibility of war is never far away, and the demands for military strength rob the belligerents of wealth and resources which could be so well used to bring prosperity and a higher standard of living for their people. It is said that peace is not possible—but has a real effort been made? If it has, the world does not know of such an effort. If it has, it should not be discontinued. The search for peace must go on, for it is inevitable that outbreaks like the recent bloody interchange between the Syrians and the Israelis which resulted in a United Nations investigation will be repeated unless a more permanent peace is established in the region.

To this end I wrote a letter to President Kennedy on April 5, 1962, as follows:

APRIL 5, 1962.

Hon. JOHN F. KENNEDY,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I am much concerned with the form of the resolution proposed to be sponsored by the United States to censure Israel on the occasion of its recent altercation with Syria. Certainly we should make no precipitate judgments in condemnation of one of the belligerents without having made a thorough investigation of the facts surrounding the situation, including possible provocation for reprisals. In my opinion a resolution of the type proposed will not serve the cause of peace in the Middle East. On the contrary, it may increase existing tensions.

In 1960 the platform of our party stated: "We will encourage direct Arab-Israel peace negotiations, the resettlement of Arab refugees in lands where there is room and opportunity for them, an end to boycotts and blockades, and unrestricted use of the Sucz Canal by all nations." I believe it would serve our national interests and promote the cause of world peace were we to use this occasion as a means to "encourage direct Arab-Israel peace negotiations" in accordance with our party's pledge, by an appropriate resolution in the United Nations.

For many years we have supported efforts by the United Nations directed—and justifiably—toward keeping the Arabs and the Israeli apart as belligerents. I believe the time has come now for us to take steps which may result in bringing them together as peacemakers.

With kindest personal regards.

Sincerely yours,

SIDNEY R. YATES,
Member of Congress.

Mr. Chairman, I know it is our avowed national intention that peace prevail in the Middle East. Yet, one wonders whether our Middle East foreign aid program tends to that purpose. One wonders whether our economic aid to certain Arab nations will bring peace or war to the Middle East. As we give economic assistance to Egypt, for example, its own resources are being diverted toward the purchase of arms from the Communists. The gravity of the situation was presented pointedly last month by Columnist Roscoe Drummond in an article entitled "U.S. Funds Help Nasser Mass Offensive Arsenal." The article reads as follows:

SOVIET ARMS TO EGYPT—U.S. FUNDS HELP NASSER MASS OFFENSIVE ARSENAL

(By Roscoe Drummond)

WASHINGTON.—From all the information I can gather, there is reason to view with alarm President Nasser's mounting acquisition of Soviet arms and our indirect role in helping him.

I am not suggesting that Egypt should be denied American aid because Nasser wants to remain an unalined neutralist; I am not suggesting that the United States should not give assistance to a country which also gets aid from the Soviet Union.

This is not the problem. This is not the reason I feel we must view where General Nasser is heading with new concern and take a fresh, hard look at what we are doing.

What is happening is:

Nasser is acquiring a formidable, ominous, aggressive—not defensive—military arsenal from Moscow.

To pay for these arms, he is imperiling still further all prospect that his regime can solve its economic and social problems peacefully within the existing boundaries of Egypt.

American aid to Egypt just about equals the resources which Nasser is diverting from Egypt's internal needs in order to purchase new and large-scale arms from the Soviets.

It seems to me that this trend of events presents a dangerous picture—and a dangerous potential. The very least we can do is to reexamine our part, however indirect, in bringing it about.

Obviously the Egyptian-Soviet arms traffic cannot be calculated precisely. But there is a variety of informed sources and, by cross-checking them, it is possible to make a careful computation. It is no overstatement to say that Egypt put approximately $68 million into Soviet military equipment in 1961. The figure will go to $85 million in 1962. A total of $145 million will be spent for modern, complicated Soviet weapons to be delivered during the next 2 years.

This breaks down in a way that does not make good reading for Egypt's neighbors. The principal items are these:

TU–16 long-range jet bombers—20 this year, 40 more contracted. Operating radius is 1,800 miles.

Mig–19 fighter bombers—70 this year, 40 more to come next year.

Mig–17—Nasser now has 140 and is in the process of selling half of them to get the more modern Mig–21.

IL–28 bomber-transports—60 now on hand, no more contracted for.

T–54 medium-heavy tanks—90 by the end of the year, 400 more to come.

Stalin–3 heavy tanks—60, 40 more coming.

T–34 medium tanks—500 already acquired.

Armored personnel carriers—600 by the end of 1962, 1,000 more contracted.

Naval equipment—at least 1 Soviet destroyer and 7 more submarines, bringing the total to 7 destroyers and 12 submarines. Ten of them are oceangoing.

All of this is in addition to Soviet arms delivered to Egypt before 1960, including 60 or more IL–14's, now used as transport planes, a large number of the now obsolescent Mig–15's, and a huge amount of Soviet medium and small tanks, heavy artillery, recoilless guns, small arms ammuntion, and electronic equipment.

As a result of these Soviet deliveries, Nasser has announced he is doubling the number of army divisions from three to six, two of which apparently will be armored divisions.

The price tag on Soviet arms, delivered and contracted for from 1961 through 1964, is estimated at not less than $298 million. This is 60 percent of the estimated market value. Egypt pays on long-term loans at 2 percent.

Over this period United States and International Monetary Fund will contribute to the Egyptian economy an amount equal to, perhaps even greater, than Nasser is withdrawing from his economy to buy these weapons.

This looks like an uneconomic, unproductive, unhealthy and undesirable enterprise.

Mr. Chairman, one wonders whether the cause of peace is served by such

policies. If our Department of State is actively working to bring a peaceful settlement between the Arab nations and Israel, it would be well if there were some manifestation of such action, so that the world would know of our interest and our intention. If it has not yet taken such steps, it would be well if such steps were taken as promptly as possible.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. FARBSTEIN. I yield to the gentleman from Illinois.

(Mr. COLLIER asked and was given permission to revise and extend his remarks.)

Mr. COLLIER. Mr. Chairman, I rise in support of the amendment of the gentleman from New York because I am in complete accord with the intent of it. However, I hasten to say that I think the amendment lacks the teeth needed to effectively stamp out the discriminatory practices of the Arab nations against the Israel people and against all others of the Jewish faith.

We have been repeatedly told that as a nation we seek to preserve and foster the principles of human dignity and the freedom of individuals of all nations from suppression, persecution and abuse. Yet we have been "fencing" with the issue for years. We offer high-sounding declarations of principle but avoid the positive action which is demanded in this matter. Mere words will not meet the issue squarely. It is high time we let it be known to all nations of the world that we just do not intend to tolerate discrimination where American aid is being given. Unless we do so, we can expect no different conduct on the part of the Arab States than in the past. And we will still be dealing in high-sounding verbiage 5, 10, and 20 years from now.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. FARBSTEIN. I yield to the gentleman from Iowa.

Mr. GROSS. It is discretionary with the President whether he uses this power or not, or what is it?

Mr. FARBSTEIN. Yes; it is discretionary, except he has to report annually, just as well as the Secretary of State must report annually, on the progress made in connection with this amendment.

Mr. ROOSEVELT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the distinguished gentleman from New York [Mr. HALPERN] and myself appeared before the Committee on Foreign Affairs in an attempt to secure from the committee a much stronger declaration on this point.

Mr. Chairman, as the distinguished gentleman from New York has said, this is an improvement and yet it must be recognized that we have favored this now for many, many years. The gentlewoman from New York [Mrs. KELLY], in the committee tried to give the intent of Congress some implementation, leaving in it a proviso of Presidential discretion, which is exactly what we have done with relation to foreign aid as it related to non-Americans.

Mr. Chairman, it has seemed to me and to some others that perhaps the time has come to protect Americans and American citizens from the kind of discrimination which is practiced against them by some other countries in the world. Nevertheless, Mr. Chairman, I think we should give perhaps one more chance to the executive to see if it can really go forward and produce results. The Middle East is a delicate area of diplomatic activity.

It is true that some results have already occurred. For instance, the Department of Commerce as the result of work this year no longer advertises the business bids of some countries which included a disqualifiation of American firms of Jewish orientation. Similarly, there are some advances on eliminating from the passport-visa information certain information which would tend to discriminate against American citizens. That much further progress needs to be made there can be no question.

Mr. Chairman, I would certainly like to draw attention to the fact that the National Community Relations Advisory Council with its 6 national constituent organizations and 62 local supplementary councils has urged strongly the amendment of the gentleman from New York.

They resolved as follows:

ARAB DISCRIMINATION AGAINST AMERICAN CITIZENS

There has been no abatement of the intensity of Arab discrimination against American citizens because of their religious beliefs. The major wrongs sustained by American Jews at the hands of Arab States over the past several years still remain to be corrected.

Congress has repeatedly declared in foreign aid legislation, "that any attempt by foreign nations to create distinctions because of their race or religion among American citizens in granting of personal or commercial access or any other rights, otherwise available to U.S. citizens generally, is repugnant to our principles." Nevertheless, there has been no evident progress in the elimination of these discriminatory practices.

Therefore, we call upon the Government of the United States to preserve the integrity of American citizenship by:

(a) continuously challenging in appropriate diplomatic channels the continued flagrant violations of the rights of American citizens;

(b) ending the screening of citizens for Government service abroad on racial or religious grounds;

(c) rejecting provisions in all treaties and executive agreements which either implicitly or explicitly deny to American citizens rights of travel, employment or trade because of their religion or race; and

(d) calling upon the Federal and State antidiscrimination agencies to insure that there be no yielding to the religious or racial prejudice of Arab countries in the hiring or placement of Americans.

We look forward to the enactment by Congress of a provision in the pending foreign aid bill which would require the President to report to Congress annually on progress made in the elimination of such discrimination.

I only say, and I think it would be well to reemphasize, that if solid program is not revealed next year in the reports of the President and the Secretary of State then the Congress must give real implementation to the long experience and basic principles of this and other Congresses.

Mr. HALPERN. Mr. Chairman, I move to strike out the last word.

(Mr. HALPERN asked and was given permission to revise and extend his remarks.)

Mr. HALPERN. Mr. Chairman, I rise in support of the amendment offered by the gentleman from New York. It strengthens the so-called antidiscrimination provisions of this act by requiring the President to report annually on measures taken to implement these provisions. It is similar to legislation I have introduced in the House earlier and is identical with the Senate amendment.

The amendment adds teeth to the measures voted in previous years. I fully agree with its objectives—what is needed at this time is that it be fully implemented.

It is not just a question of reports. It is what actually transpires in the ensuing year in the administration of the program. The reports provide an ideal opportunity for a new look and a continuing surveillance.

I welcome the purpose of this amendment. I consider the clear antibias language of section 102 in this bill as a long step forward—as a vast improvement over last year's act. I look to the amendment and the wording in the bill before us to provide real progress in this field.

Let me frankly state that I would have preferred even stronger antidiscrimination language in the bill itself—mandatory language—clearly setting forth that we would sever aid forthwith if the discrimination nonsense continued. This is provided in the bills introduced by the gentleman from California [Mr. ROOSEVELT] and myself. But the committee assures us that the language in the bill, as amended in committee, sets forth without qualification that discrimination against Americans by countries receiving American assistance is repugnant to our principles and that these principles shall be applied in all negotiations with any foreign nation. I take this to be quite meaningful. The committee used the affirmative word "shall" and no reasonable man should misinterpret the intent. The bill also requires the Secretary of State to report annually on the measures taken to apply these principles. And, now, this amendment would go even further. It requires the President to report on the progress under the antidiscrimination declarations of the act.

But, Mr. Chairman, what will these reports consist of? Just receiving a report that problems exist is not enough. The legislative history of the antibias provisions clearly require detailed reports of accomplishment. We cannot emphasize enough that we mean business and that the executive department must take heed.

In the past, it would seem that some of our State Department career officials have ignored the will of Congress on this issue.

The continuing Arab boycott and blockade, known only too well to the Members of this House, is an obvious example. Americans continue to be

flagrantly victimized by the discriminatory policies of the Arab States, recipients of many hundreds of millions of our dollars, despite the fact that since 1957 our foreign assistance acts have deplored such tactics and expressed the sense of Congress that American aid be denied such offending nations.

To bring this issue home, let me cite a situation that I personally experienced. I am exhibit A, Mr. Speaker. Last year, while the Kingdom of Saudi Arabia was receiving our aid, I was not even permitted to visit the famed American-built airfield at Dhahran. Indeed, I had the sad and humiliating experience of trying for an entire year to obtain a visa to visit American-financed projects in that country. I still have not succeeded. Why? My religious faith.

The State Department did absolutely nothing except to make apologies for Saudi Arabia by explaining how tender and sensitive Arab feelings were in this connection. This is typical of the State Department attitude that we must appease admittedly discriminatory Arab tactics in order to serve diplomatic ends. I fail to see how much has been accomplished by such appeasement, a depressing departure from American dignity and tradition. We need only to look at so many of the Arab States' votes in the United Nations. We need only to look at the treatment we received at the hands of Saudi Arabia in connection with the airfield we built there. Despite every conceivable sacrifice of principle and decency, we were kicked off this field last April.

The American taxpayers pay taxes without regard to race, color, or creed to finance these foreign aid programs. Yet, ironically, if an official of the Agency for International Development happens to be of Jewish faith, a number of Arab States won't even let him in to give them our assistance. How ridiculous can a situation be?

Let me point out, too, that several Arab States not only bar Americans of Jewish faith from access to their territory, but have entered into a coordinated boycott undertaking to punish American merchant ships and manufacturers solely because these firms, regardless of the personal religious convictions of their owners, dare to trade with Israel, a democratic State friendly to America and closely alined with the free world. This boycott also applies to American firms whose officers or employees are of the Jewish faith.

Protests to the State Department against this intolerable situation since Congress went on record in 1957 to eliminate it, have brought us only a vague concoction of evasive gibberish. The Department has sent alibi after alibi to explain why our principles have not been applied, rather than really taking action in the spirit of the legislation.

I am sure that many colleagues on both sides of the aisle have filing cabinets full of the same kind of alibi letters that I get, which the State Department probably numbers Arab alibi letter No. 1, Arab alibi letter No. 2, No. 3, No. 4, and so forth. These letters ignore the sense of Congress as expressed since 1957 and even maintain that adherence to the intent of our legislation would constitute what it calls coercive tactics. The Department appears to follow a line of apologizing to the Arabs and for the Arabs.

When will we reassert our right to respect in the family of nations? The least we can do is to refuse to finance regimes that dip our flag in the dirt by intolerable demonstrations of bigotry against millions of our citizens.

Our historic national tradition has charted proud precedents. In 1885, the United States refused to accept protests by Austria-Hungary on the appointment of our Ambassador to that kingdom because the designee's wife happened to be of Jewish birth.

In 1911, the United States abrogated a trade treaty with czarist Russia, in effect since 1832, because of Russian mistreatment of American citizens of Jewish faith.

In 1924, we protested to Switzerland against exclusion of Americans of the Mormon faith.

Our vigorous, repeated protests to Fascist Italy and Nazi Germany are also part of that history.

I respectfully submit that the time has come when we must set forth standards of conduct by recipient nations toward U.S. citizens as qualification for our economic assistance. We owe it to the self-respect of the American public, as well as to the highest national interest, to now firmly reiterate a strong position and insist on fulfillment of the will of Congress.

Surely, the antidiscrimination measure is consistent with the President's own expressed objective, which he enunciated to Congress, but, which apparently has not been implemented by the State Department. The President has said on various occasions that he wants foreign aid linked with the promotion of social justice and morality. I might add that the platforms of both our political parties make strong pledges to combat foreign discrimination against Americans, on a basis of religion, especially through travel barriers, boycotts, and blockades.

If these principles are to be realized and not just remain as high-sounding ideals, Congress must take action.

I feel this amendment is a long step forward. This is the least we can do, at this late date, to try to remedy a situation which has persisted too long. It is apparent that compromise of principle has marred our national countenance. The day is past when we can sit quietly and permit nations soliciting our assistance to discriminate against our citizens with impunity. Either that day is gone or our national dignity, our heritage, are going sadly undefended.

Let the State Department and executive department head this determined, clearly expressed declaration of the Committee and the avowed will of the American people as reflected in the unequivocal language in the bill and buttressed by the legislative history of this amendment.

We shall eagerly await the reports and in the forthcoming year shall expect the kind of action that will provide Congress with a real picture of results.

Mr. Chairman, here is a golden opportunity for the administration to back up its assurances of action in this field.

(Mr. RYAN of New York asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. RYAN of New York. Mr. Chairman, I support this amendment to include the language of section 302(E) of S. 2996 in the House bill before us. This section, which has been approved by the Senate, requires the President to report to Congress after the close of each fiscal year on the progress under the freedom of navigation and nondiscrimination declaration contained in section 102.

On Monday when I debated the issue of Arab discrimination on the floor, I outlined the nefarious activities of the Arab States in discriminating against American business firms, tourists, military and civilian personnel, and other U.S. citizens. The United States must vigorously protect the rights of its citizens. The proposed amendment is a necessary step toward the resumption of responsibility by our Government in protecting its citizens and in declaring its firm commitment to equal treatment for all Americans regardless of race, color, or religion.

It is imperative that Congress receive Presidential reports on the progress made in implementing the declaration of Congress as expressed in the Foreign Assistance Act of 1961 and in the present bill. Congress has the right to know what is being done to eliminate discrimination against Americans and to carry out the spirit and principles enunciated in section 102 of the act. This amendment will obligate the President to inform the Congress on this issue every year so that further progress can be made. I urge all of my colleagues to support this amendment.

(Mr. KUNKEL asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. KUNKEL addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. CORMAN. Mr. Chairman, I rise in support of the amendment requiring annual reports from the President and Secretary of State on the progress made in fighting discrimination in countries receiving our aid.

During a trip I made to the Middle East a few years ago, I saw what this sort of discrimination can mean to a people—in this case, the Jewish people. It spells the kind of restrictions on travel, commerce and individual freedom which we in America would find intolerable. It closes to the people of Israel one of the great avenues of commerce. And above all, it poses a constant threat to their safety, and to the security of the entire world.

The primary purpose of our foreign aid program is to raise the living standards of the developing nations. The restrictions on commerce and communications imposed against the State of Israel by the Arab nations has substantially frus-

trated the effort in the entire Middle East area. To permit indefinite continuance of the Arab blockade is totally inconsistent with the aid program itself.

And what of its application to Americans themselves? To the same Americans, I might add, who pay taxes that go, in part, to foreign assistance to Arab nations. The answer is simple: the same anti-Semitism that the Arabs practice on their Israeli neighbors is also aimed at Jews of U.S. citizenship. American GI's are barred from service in these lands. American travelers of Jewish faith are excluded. The thoroughness of the bigotry is such that even motion picture companies filming in these areas must carefully screen out actors and actresses of Jewish faith.

Mr. Chairman, I have never advocated that the Congress should impose undue restraint on the authority of the executive branch of Government. I feel that, in times such as these, our Nation must be equipped to react to international challenges when they occur—and that the President is the most logical authority to exercise this authority. Thus, I will not say that I believe we should automatically cut off aid to Arab nations, or any other nation, which practice discrimination against American citizens.

However, I will say that the moral force of America must be brought to bear whenever and wherever these bigotries are found. I believe that our State Department and aid agency and the President himself must make it clear to these nations that our patience is not inexhaustible.

For these reasons, I support the amendment offered here now.

Mr. MORGAN. Mr. Chairman, as the gentleman from New York stated, this amendment is contained in the bill passed by the Senate. After consultation with members of the Foreign Affairs Committee on both sides of the aisle, the committee has no objection to it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was agreed to.

Mr. PASSMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PASSMAN: On page 14, after line 7, insert the following:

"(3) Amend subsection (f) to read as follows:

"'(f) Funds provided for in agreements with foreign countries for the furnishing of services under this Act with respect to specific projects shall be deemed to be obligated for the services of personnel employed by agencies of the United States Government (other than the agencies primarily responsible for administering Part I or Part II of this Act) as well as personnel not employed by the United States Government.'"

Mr. PASSMAN. Mr. Chairman, the reason why I am proposing this amendment to section 625(f) is because members of the Foreign Operations Subcommittee was in Spain in May checking into the mutual security program in that country and during our visit there we discovered that the AID agency was using the authority of section 625(f) to obligate fiscal year 1962 funds for the employment of 25 AID agency employees in fiscal year 1963.

When we returned to this country we checked downtown and ascertained that they were also using the same authority to obligate fiscal year 1962 funds for the employment of three AID agency employees in Greece in fiscal year 1963.

In my opinion, the AID agency does not need the authority to obligate funds in 1 fiscal year for direct-hire personnel for services to be rendered in the following fiscal year or subsequent fiscal years. This is especially true of obligations for AID agency employees.

The amendment I have proposed will eliminate this loophole but will allow the agency to employ personnel from other U.S. Government agencies for the duration of a project agreement.

The distinguished chairman of the committee has agreed to accept the amendment and I would like to ask the chairman if he agrees with me that the intent of the amendment is to preclude the AID agency from obligating funds for direct-hire personnel beyond 1 fiscal year where the appropriation is available only on a 1-year basis.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. After the gentleman returned from one of his inspection trips he called the attention of the Committee on Foreign Affairs to the necessity for this amendment. I feel that he has rendered a real service in presenting this amendment. I believe there has been some abuse of section 645(f) which should be corrected. The committee accepts the amendment.

Mr. PASSMAN. I thank the distinguished gentleman from Pennsylvania.

(Mr. PASSMAN asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana.

The amendment was agreed to.

The Clerk read as follows:

Chapter 3—Miscellaneous provisions

SEC. 303. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended as follows:

"(a) Section 643, which relates to saving provisions, is amended by striking out subsection (d).

"(b) Section 644(m), which relates to definitions, is amended by striking out "as grant assistance" in subparagraphs (2) and (3).

"(c) Section 645, which relates to unexpected balances, is amended by inserting 'this Act or' after 'pursuant to'."

PART IV—AMENDMENTS TO OTHER LAWS

SEC. 401. Part IV of the Foreign Assistance Act of 1961, as amended, is repealed, which repeal shall not be deemed to affect amendments contained in such part.

SEC. 402. Section 2 of the Act of August 1, 1956 (70 Stat. 890), as amended, is further amended by adding after paragraph (a) the following new paragraph:

"(b) for the purpose of promoting and maintaining friendly relations with foreign countries through the prompt settlement of certain claims, settle and pay any meritorious claim against the United States which is presented by a government of a foreign country for damage to or loss of real or personal property of, or personal injury to or death of, any national of such foreign country: *Provided*, That such claim is not cognizable under any other statute or international agreement of the United States and can be settled for not more than $15,000 or the foreign currency equivalent thereof."

SEC. 403. The first section of the Act entitled "An Act to authorize participation by the United States in the Interparliamentary Union", approved June 28, 1935, as amended (22 U.S.C. 276), is amended by adding at the end thereof the following: "Not less than two of the principal delegates to each of the Conferences of the Interparliamentary Union shall be members of the House Committee on Foreign Affairs, and not less than two of such delegates shall be members of the Senate Committee on Foreign Relations."

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 16, line 15, strike the period and the quotation marks, and add the following:

"Provided further, That not less than two of the principal delegates to each of the Conferences of the Interparliamentary Union shall be members of the House Committee on Ways and Means, two from the Senate Committee on Finance, two from the House Committee on Appropriations, two from the Senate Committee on Appropriations, and there shall be three observers selected from among the citizens of th United States, representative of business, agriculture and labor, whose annual income each and from all sources shall not exceed $10,000."

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I hope this whole provision is stricken from the bill, but if it is going to be retained in the bill, I want to spread the good things of life to some other people. I know of no reason why the Committee on Foreign Affairs should inject themselves into the Interparliamentary Union any more than the Committee on Ways and Means which writes the revenue laws. I know of no reason why the Members of the other body, and the members of the House committee, should not have a nice junket along with the rest of them. Then, the Committee on Appropriations ought not to be overlooked because it actually provides the cash on the barrelhead for these junkets. Then, I think there ought to be three representatives of the taxpayers at large from over the United States, these down-to-earth people that some bleed for so much, and do so little about. I think they ought to be represented on these junkets. I think they ought to know how the foreigners feel, and look and act and dress and dine. Yes, I have provided that some of our common, ordinary, grassroots, garden variety of citizens observe how these congressional junketeers operate.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes, I yield to the gentleman and I hope he will include some of them in his NATO junketing group.

Mr. HAYS. Well, that is just what I was trying to get to. I invited the gentleman from Iowa numerous times, and

if he will go, I will assure him a spot on the delegation this year.

Mr. GROSS. The gentleman from New York [Mr. ROONEY] nominated me at an Interparliamentary Union meeting for one of its junkets. Incidentally, Members of the House had to go over to the other side of the Capitol to meet with Members of the other body just as does the House Committee on Appropriations. I do not recall who presided, whether it was a Member of the other body or a Member of the House, but I had to tell Mr. ROONEY that if nominated and elected I would not serve. So I am not a candidate—I am not in the market for a NATO junket.

Mrs. ST. GEORGE. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I am delighted to yield to the gentlewoman from New York.

Mrs. ST. GEORGE. I would just like to say, I think the gentleman from Iowa might have been greatly benefited if he had accepted the invitation.

Mr. GROSS. The gentlewoman from New York, of course, is entitled to her opinion about what would benefit the gentleman from Iowa.

Mr. Chairman, I think I have made my case for the amendment. I yield back the balance of my time.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I could probably agree with the gentleman that this might be a bad precedent for the Foreign Affairs Committee to inject itself into this whole situation. I supported the amendment in committee. I have given it a good deal of thought since. I had understood that the gentlewoman from New York was going to offer an amendment to strike out the section. If she does, on second thought I would be inclined to support it. Therefore I would ask for the defeat of the amendment offered by the gentleman from Iowa.

But I will repeat for the benefit of the new Members who were not here 10 years ago a story I told then. There were a couple of old Quakers in my home town who were arguing about the merits of travel. One of them had traveled a great deal back in those days, he had gone to Europe and other places. So when he got back they were sitting around the square and the one who stayed home said: "Nathan, dost thee not know that a rolling stone gathers no moss?" And the other said: "Oliver, thee may be right, but it gets a lot of polish."

Mr. JOELSON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I will not take much time. However, some of these amendments that are offered by the gentleman from Iowa with tongue in cheek are sometimes taken seriously by the House, as happened yesterday. I remind you that yesterday the House scuttled the United Nations in 7 minutes of debate. That happened in what is supposed to be the greatest deliberative body in the world. I regret the action.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am sure the gentleman from Iowa offered his amendment in good faith. We have heard the arguments and there has been adequate discussion. I hope the committee votes down the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The amendment was rejected.

Mrs. ST. GEORGE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. ST. GEORGE: On page 16, line 7, strike out section 403, beginning with line 7 through line 15.

Mrs. ST. GEORGE. Mr. Chairman, I think this section 403 of the bill might well be subject to a point of order. Leaving that aside, however, I think it certainly should be stricken from this bill. First of all, it is quite obvious that whoever was the author of the section did not know very much about the work or the functions of the Interparliamentary Union. No one can be a member of that union unless he or she is an elected representative sitting in an acknowledged parliament. For that reason every Member of this House and every Member of the Senate has an equal right. There is no committee of this House and there is no committee of the Senate which can decide who shall go and who shall not go. We all are equals. The only thing that restrains us at all, I might say to our good friend from Iowa, is lack of funds. For that reason we take only a limited number of people to these meetings.

The meetings are held in various countries. They are the one place where we can talk with parliamentarians and only parliamentarians of the other nations, no bureaucrats, no diplomats, but people representing the peoples of the world. This is the only and oldest international organization of its kind. It was founded in 1878 and it has existed ever since.

I can assure the Members of this House who have never been on one of these conferences they would do well to avail themselves of the opportunity. They can learn a great deal. They can meet people from behind the Iron Curtain, and can know exactly what those people stand for and how they operate.

A great many of us here talk about things, and I am guilty of it too, that we know very little about. I, for one, have learned a great deal at these conferences of the Interparliamentary Union. It is my very deep regret I will not be able to attend this year as, unfortunately, the conference will be held at the end of October, which will be right at the end of our campaign for reelection. Therefore, only a very limited number of our own delegates will be able to attend this Interparliamentary Union meeting. This is a regret to me, as I said before, but, Mr. Chairman, this section has no place whatsoever in this bill, and I think it should be stricken. The Interparliamentary Union should go on as it has in the past as a union of parliamentarians equal among themselves, making their own rules and regulations, but of course going to the House Appropriations Committee for what funds that committee is willing to give them, and that is all they can get.

Mr. ADAIR. Mr. Chairman, I rise in opposition to the amendment offered by the gentlewoman from New York.

It is with considerable regret I find myself in opposition to the distinguished gentlewoman from New York.

First of all, it ought to be pointed out that on the matter of a point of order, in my opinion, this matter is properly present in this bill. Members will recall that last year an item relating to the Interparliamentarian Union was included in this bill, an additional authorization, yet was found to be proper and appropriate. If that was proper, then the provision in this section is proper.

Mr. Chairman, as to the reason for this proposal which I submitted in committee, on most of the other interparliamentary groups—NATO, Canadian, Mexican, and the like—there are found to be serving members of the Committee on Foreign Affairs. Many times in the Interparliamentary Union group this is not the case.

We have heard repeatedly here in the last few days of the necessity for maintaining close relationships throughout the world, of maintaining a unified foreign policy. If we are to do that, it is highly desirable that some members of the Committee on Foreign Affairs be included in the interparliamentary delegation.

Please observe that the number suggested is by no means enough to control the delegation. There are at least 11 Members from the House, ordinarily. In proposing this amendment, I purposely limited it so that members of the Committee on Foreign Affairs could not control or unduly influence it. I did think at the time it was highly desirable that there be a liaison between the interparliamentary delegation and the Committee on Foreign Affairs. If we are to have this closely cohesive foreign policy, if we are to understand what the attitude of various legislative groups must be, then it is quite important that there be at least a minimum representation from the committee.

Therefore, I urge that the amendment offered by the gentlewoman from New York be defeated.

Mrs. ST. GEORGE. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentlewoman from New York.

Mrs. ST. GEORGE. May I say in answer to one statement the gentleman has made, that I have been on these conferences for a number of years, and I have never been to a conference where the Committee on Foreign Affairs was not represented. So I cannot imagine what the gentleman is referring to. As a matter of fact, we have always had representation from that committee, which is quite natural, but I do not think the committee has any right to insist that it be represented in this particular instance.

That is one of my main reasons for appealing that this part of the bill be stricken.

Mr. ADAIR. If the gentlewoman feels that the committee should be represented——

Mrs. ST. GEORGE. I did not say "should." I said quite naturally that they would be represented, because you yourself have been in conference with me, and I think you will remember.

Mr. ADAIR. Yes, I have been.

Mrs. ST. GEORGE. And I am sure you wanted to go, and that is the only reason anyone should go, I will say to the gentleman, in my opinion.

Mr. ADAIR. I will say to the gentlewoman that there is very great potential for good in these meetings. I think a great amount of information can be obtained and the attitudes of parliamentarians from around the world can be tested. But, I also think that the matter of liaison and association between the interparliamentary group and the Foreign Affairs Committee is important.

Mr. MORGAN. Mr. Chairman, since the bill has now been read, I wonder if we could fix the time to vote on the whole bill. I ask unanimous consent that all debate cease in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. GROSS. Mr. Chairman, I will have to object to that. I have an amendment up there.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on the bill and all amendments thereto close in 15 minutes.

Mr. BARRY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BARRY. May I ask how many amendments there are at the desk?

The CHAIRMAN. The Chair has no way of knowing.

Mr. GROSS. We do not need this time limitation. We are not going to take much more.

The CHAIRMAN. Permit the Chair to suggest that we dispose of this amendment first.

Mr. COOLEY. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I have been affiliated with the Interparliamentary Union for about 16 years. The late Senator Alben Barkley, of Kentucky, who later became Vice President of this great Republic, caused me to become interested in the work of the Interparliamentary Union. He was at that time president of the American group, and as president of the American group he designated me as a delegate to the annual conference, which was held in 1946 in Cairo, Egypt. At that meeting Lord Stansgate, of England, was elected president of the Interparliamentary Union.

I have attended most of the conferences of the Interparliamentary Union since 1946. Annual conferences have been held in many of the capitals of the world, and I have been rather regular in attending these important meetings of this great international organization. Every year I have been named as a delegate, but I did not attend the conference in Bangkok, the ancient city of Siam, nor did I attend the conference in Rio de Janeiro. I am certain that at all of the conferences America has been well represented.

In the old days before the President authorized the use of special mission planes and authorized transportation for wives of delegates, all delegates were forced to pay their wives' traveling expenses to and from the conferences. This was changed during the Truman administration. Since attendance at these conferences was considered of great importance and delegates from other countries were most always accompanied by their wives, President Truman authorized wives of delegates to accompany their husbands.

Even after wives were authorized to fly on special mission planes to Interparliamentary Union conferences, we have not been able to prevail upon Members to attend the conferences, and on many occasions we have actually recruited Members and wives to attend the conferences.

When we speak of the "American group" of the Interparliamentary Union, we mean every man and woman in both Houses of Congress. Every Member of the Congress is a member of the "American group." We did not have enough Members at the last conference, which was held in Brussels, and I am certain that any Member of Congress who would like to attend the 1962 conference in Brazil will have an opportunity to attend. As my colleague, Mrs. ST. GEORGE, has said, the number of delegates is limited only by the amount of money provided for the use of the American delegation.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Ohio.

Mr. HAYS. How does one find out about the meetings? I will be very frank with the gentleman. I am not antagonistic to his group, as he knows. And, further, as he knows, I had a part in getting additional funds for the organization. But there is a great undercurrent among the membership, a feeling that this matter is kind of secret in the fact that most Members do not know when they meet.

Mr. COOLEY. Each year public announcement is made on the floor of the House and on the floor of the Senate by some Member interested in the activities of the Interparliamentary Union and all interested Members are invited and urged to attend, and to take part in the activities and deliberations of the group, and to indicate their availability as delegates to conferences.

During the early days of my association with the Interparliamentary Union I was requested by Senator Barkley, the president of the American group, to make announcements on the floor of the House, and he made announcements on the floor of the Senate. We would always indicate the time and the place of the meeting. Frequently meetings were held in the Old Supreme Court Room. At other times meetings were held at other places. Notice of the meetings was always published in the CONGRESSIONAL RECORD.

Mr. HAYS. Now, some Member told me this just a bit ago. He said what happens is they make an announcement late Thursday, after everybody has gone, that they are going to meet Friday morning. Would it be too much trouble for the gentleman, or whoever is in charge, to send a letter to every Member advising them when it is going to meet?

Mr. COOLEY. Notices of meetings are always in the CONGRESSIONAL RECORD.

Mr. HAYS. I know, but a good many Members do not read the RECORD that carefully.

Mr. COOLEY. I certainly have no objection to Members being notified by letter, but please do not charge me with that responsibility. Senator GORE is now president of the group. Since I have been attending the meetings, Senator Barkley, of Kentucky, was the first president of the American group, with whom I served; the next was Senator Ferguson, and then the late Daniel Reed of New York, with whom I served for several years. For 2 years I served as president of the American group. I know that during that 2 years ample and adequate notice of all meetings was given. Notwithstanding the notice given, still we had to recruit Members to attend meetings. We even recruited the gentleman from Indiana [Mr. ADAIR] who is responsible for the provision in the bill now under consideration. We invited and urged him to attend the conference in Warsaw, Poland. The gentleman from Indiana [Mr. ADAIR] attended the conference and was apparently very much interested in the work of the Union.

Mr. Chairman, the Interparliamentary Union was not created by this Congress. It is an international organization.

With more than 60 nations of the world now affiliated with it, the lawmakers and the parliamentarians from these 60-odd nations represent perhaps two-thirds of all the people on earth. The Interparliamentary Union was organized in Paris more than 7 years ago. Our Government has been affiliated with the Interparliamentary Union from its very inception and I am quite certain that Members of our Congress have attended all of the meetings which have been held during all of this time. Russia and many of the Soviet satellites, all recognized governments, are now affiliated with the Interparliamentary Union, and everything indicates that in recent years the Soviets have tried to take it over and to control it, but fortunately, this has not happened. Russian delegates attend the conference in grand style; they come in great numbers, they bring with them a large staff of secretaries, interpreters, and aids and they entertain lavishly and most of all, very cordially. They talk of friendship and peace. They remind us of the fact that their countrymen died side by side with our countrymen and that their countrymen and our countrymen fought and bled and died in war and ask us the question, "Why can't we live for the same things for which our countrymen died?" Unfortunately they do not seem to understand the difference between slavery under their system and freedom under our system.

Mr. Chairman I have been honored by the American Group of the Interparliamentary Union. I have served as a

member of the Council of the Interparliamentary Union. At one of these international conferences I was elected a member of the executive committee of the international organization and I served on the executive committee for 4 years. The rules and regulations of the organization provide that no member of any country is eligible for membership on the executive committee for more than 4 years at a time. Since no American delegate could succeed me we had to wait for 2 years. After the expiration of 2 years I was again elected a member of the executive committee. I am now serving the second 4-year term. This I understand is the longest period of time that any individual has ever served as a member of the Executive Committee of the Interparliamentary Union. I did not seek this honor. I was not a candidate but still I was elected. I do not consider this honor as a personal honor. I know that I was elected to the executive committee because of my interest in the work of the Union but most of all because I was an American delegate and representing the greatest nation on earth.

Mr. Chairman, the distinguished chariman of the Committee on Foreign Affairs has for many years been interested in the work of the Interparliamentary Union. He knows and I am certain that he will now agree with me that he has been urged to attend annual conferences of the Interparliamentary Union. I know and most of us know that the distinguished chairman of the Committee on Foreign Affairs is a very busy man and he cannot possibly find time to attend the many international conferences which are annually being held. The gentleman from Pennsylvania, Chairman MORGAN, knows that at any time he wants to attend a meeting of the Interparliamentary Union, he, or any other member of his committee, will be welcomed.

I think that it would be a fine thing if the gentleman from Pennsylvania, Chairman MORGAN, could dignify the American delegation by attending these very important conferences. Other members of his great committee and members of the Senate Committee on Foreign Relations have from time to time attended these important meetings.

Mr. Chairman, I would like to know how [Mr. MORGAN] feels about this matter.

Mr. MORGAN. If the gentleman will yield.

Mr. COOLEY. I yield.

Mr. MORGAN. I was invited by the President of the Interparliamentary Union on the House side to be a delegate last year, and I have received other invitations in the past.

Mr. COOLEY. I assure the gentleman as one who is devoted to the efforts and activities of the Union that in the future, ample notice of the meetings will be given. I will discuss the matter with Senator GORE, the president of the American Group, and suggest that he have a letter written to both Houses of Congress advising as to the time and place of future meetings.

The next conference will be held in Brasilia, the new capital of Brazil, in late October of this year. If any Member of the House interested in attending the conference will communicate with me I shall be very glad to cooperate in every way in giving advice concerning the meeting, the agenda, and the conference.

Mr. Chairman, I know that there are Members of this House who now agree with me that I have begged and tried to persuade them to attend these conferences but I am very much afraid that at the next meeting, which will be held in Brazil this fall, it will be difficult to find Members who are available and who would like to attend the meeting.

Mr. Chairman, the gentlewoman from New York, Mrs. KATHARINE ST. GEORGE, has been a faithful friend of the Interparliamentary Union. She understands and appreciates its programs and purposes and the importance of our participation in the future activities of this important international organization.

The gentlewoman from New York [Mrs. ST. GEORGE] has distinguished herself in the activities of the Union. She was unanimously elected chairman of one of the most important committees of the Union and she presided with great competence, becoming dignity, and complete impartiality. KATHARINE ST. GEORGE is held in high esteem by parliamentarians around the world. Our dear colleague knows what she is talking about and I hope that the amendment she has offered will be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New York.

The amendment was agreed to.

Mr. BARRY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARRY: On page 16, after line 15, insert the following:

"SEC. 404. The first section of the Act entitled 'An Act to authorize participation by the United States in parliamentary conferences of the North Atlantic Treaty Organization,' approved July 11, 1956, is amended by adding at the end thereof the following: 'Of the appointments made by the Speaker of the House not less than two shall be members of the Foreign Affairs Committee.' "

Mr. HAYS. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman makes a point of order against the amendment.

The gentleman will state it.

Mr. HAYS. Mr. Chairman, I make a point of order against it. It deals with an act of Congress which is a separate act, and which is not contained in this bill. Since section 403 has been stricken, there is nothing in this bill about any interparliamentary group whatever. Therefore it is not germane to the bill.

The CHAIRMAN. Does the gentleman from New York [Mr. BARRY] desire to be heard on the point of order?

Mr. BARRY. Mr. Chairman, I do not.

The CHAIRMAN. The Chair is prepared to rule. The gentleman from New York [Mr. BARRY] offers an amendment to which the gentleman from Ohio [Mr. HAYS] makes a point of order that the amendment is not germane to the bill.

The Chair has had an opportunity to read the amendment and to observe its contents. Just a moment ago section 403 was stricken from the bill. That section was the only section that had anything to do with any international group. This amendment refers to parliamentary conferences of the North Atlantic Treaty Organization. The bill itself has the purpose of further amending the Foreign Assistance Act of 1961, as amended, and for other purposes.

The Chair is of the opinion that the amendment offered by the gentleman from New York [Mr. BARRY] under the circumstances goes beyond the purport of the bill, and therefore sustains the point of order raised by the gentleman from Ohio [Mr. HAYS].

Mr. BARRY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARRY: On page 16, after line 15 insert the following:

"SEC. 404. Section 101(f) of the Agricultural Trade Development and Assistance Act of 1954, as amended, is amended to read as follows:

"'(f) obtain rates of exchange applicable to the sale of commodities in European countries under such agreements which are not less favorable than the highest of exchange rates legally obtainable from the Government or agencies thereof in the respective countries.' "

Mr. COOLEY. Mr. Chairman, I reserve a point of order against the amendment.

Mr. BARRY. Mr. Chairman, the amendment which I am proposing is intended to assure that our surplus farm commodities are sold on best possible terms—specifically, at rates of exchange not less favorable than the highest rates legally obtainable from the governments, or governmental agencies, of the purchasing countries.

This amendment will clarify the law in this particular respect, and should strengthen the hand of the executive branch in negotiating these agreements.

In addition, my amendment—which, by the way, applies only to the countries of Europe—will resolve a serious problem that has arisen with respect to our governmental expenditures in Poland.

This problem was called to my attention during my recent visit to Poland. It needs to be remedied. The only reason I did not attempt to correct it while the Foreign Assistance Act of 1962 was being considerd by the Committee on Foreign Affairs, is that I did not receive executive department comments on the proposed amendment in time.

The problem, briefly, is this:

Under the law presently in effect, as implemented since last December, we have been getting very little mileage for each dollar that we spend on our diplomatic, consular and other activities in Poland.

Up to last December, executive agencies could get 55 zlotys for each dollar programed for Poland. The dollars—appropriated to these agencies by Congress—never left the United States. The agencies transferred them to the Com-

modity Credit Corporation. In return, the CCC allowed them to draw on our Government's zloty account in Poland. They could obtain 55 zlotys for each dollar transferred to the CCC.

As of last December, that rate was changed from 55 to 1, to 24 to 1.

In other words, the dollar cost of our programs in Poland went up 129 percent.

In the last 6 months, for instance, the new rate at which our agencies can draw zlotys increased the operating expenses of our Embassy in Warsaw by $170,000.

It has increased the cost to our research program in that country by more than $2 million, and it will continually increase the dollar value of our Government's contribution to the construction of the American Research Hospital for Children in Cracow, by $3,800,000. There is no valid reason for this change. It does not save us any dollars. It impairs the effectiveness of our program in Poland. All it really does on the positive side, if you want to call it that, is to save us some zlotys which we cannot spend any other place but Poland and of which we own a very large amount—over $400 million worth.

The amendment which I am proposing would remedy the situation to permit the Treasury to disburse zlotys at a rate more favorable to the success of our program in Poland and at the same time it would assure that we obtain the highest rate of exchange legally obtainable from the Government of Poland for any surplus commodities sold to that country in the future.

The CHAIRMAN. Does the gentleman from North Carolina insist on his point of order?

Mr. COOLEY. Mr. Chairman, I insist on the point of order.

The CHAIRMAN. The gentleman will state the point of order.

Mr. COOLEY. Mr. Chairman, the amendment here is to Public Law 480, which is the Agricultural Act, and the particular section to which it is addressed is section 101(f) of Public Law 480. That is not now before the House. The gentleman's amendment is not germane to any section of the bill. I therefore insist on the point of order.

The CHAIRMAN. Does the gentleman from New York desire to be heard on the point of order?

Mr. BARRY. Mr. Chairman, I should like to say that this seems very germane to our foreign policy. Specifically with respect to this act, this gives us a greater return for the amount of money we are spending in Poland.

The CHAIRMAN. The point of order was based on the question of germaneness to the bill before the Committee, not the purpose of the amendment. Does the gentleman desire to be heard on the point of order?

Mr. BARRY. No.

The CHAIRMAN. Does the gentleman concede, therefore that the amendment is not germane to the bill?

Mr. BARRY. I would like the Chair to rule on it.

The CHAIRMAN. The burden of proof is always on the person who proposes an amendment. The Chair understood the gentleman to say that perhaps the amendment was not germane.

Mr. BARRY. I believe it is germane. Therefore, I am asking for a ruling to sustain my belief.

The CHAIRMAN. The bill before the Committee, H.R. 11921, to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, refers, of course, to the act of 1961. In the act of 1961 itself specific provision was made for amendment of the Agricultural Trade Development and Assistance Act of 1954, to which the amendment offered by the gentleman from New York refers.

The Chair believes that the subject matter of the Agricultural Trade Development and Assistance Act of 1954 is included within the purview of the Foreign Assistance Act of 1961, which is the bill before the Committee and, therefore, feels that the amendment offered by the gentleman from New York [Mr. BARRY] is germane to the bill. The Chair overrules the point of order.

The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 16, immediately after line 15, insert the following:

"SEC. 404. (a) Subsection (b) of section 502 of the Mutual Security Act of 1954 is amended by inserting immediately before the last sentence thereof the following new sentences: 'No such report shall contain any miscellaneous item or other item grouping together under a general heading expenditures for dissimilar purposes but shall specify, item by item, each individual expenditure. Each such report shall specify by dates the total length of each trip outside the United States made by such committee, subcommittee, member, and employee in connection with which expenditures are being reported, and by dates the length of time spent in each foreign country on such trip.'

"(b) Subsection (b) of section 105 of the Legislative Branch Appropriation Act, 1961, is amended by inserting immediately before the last sentence thereof the following new sentences: 'No such report shall contain any miscellaneous item or other item grouping together under a general heading expenditures for dissimilar purposes but shall specify, item by item, each individual expenditure. Each such report shall specify by dates the total length of each trip outside the United States made by such committee, subcommittee, member, and employee in connection with which expenditures are being reported, and by dates the length of time spent in each foreign country on such trip.'"

Mr. HAYS. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state the point of order.

Mr. HAYS. Mr. Chairman, I make a point of order against the amendment on the ground again that there is nothing in this bill relating to the expenditure of committee funds, of select or special committees, or traveling committees and, therefore, the amendment is not germane to the bill.

The CHAIRMAN. Does the gentleman from Iowa [Mr. GROSS] desire to be heard on the point of order?

Mr. GROSS. Mr. Chairman, I concede the point of order.

The CHAIRMAN. The gentleman from Iowa concedes the point of order. Therefore, the Chair sustains the point of order.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, the ungermaneness of my amendment is the penalty for yielding to the gentlewoman from New York. The section to which it would have applied was stricken by her amendment and therefore my proposal was no longer in order. I would like you to know, however, that one chairman of a committee of the House of Representatives spent over a thousand dollars in miscellaneous expenses on a trip that he took to Europe last year, and I happen to be believe that the taxpayers who foot the bills ought to know something about the miscellaneous funds that are spent so profusely by some traveling Members of the Congress. My amendment, among other things, would have made them list the purposes for which the money was spent.

Now we are almost at the end of this bill. It is not my desire to take any particular length of time, but I would like to emphasize that there is here being authorized, as I understand it, $4,660 million of new money for this latest foreign giveaway program, and there is $6,200 million unexpended in the pipeline. There is also available and scattered around the world some $3 billion or more in various foreign currencies that can be expended. Thus the $4,660 million of new money in this bill is only a part of the huge amount available for spending this year on foreign aid throughout the world. This business has to come to an end. When? I do not know. I do know that it is making a major contribution to bankrupting the United States of America. I do not have to tell you that bankruptcies of individuals and organizations are increasing every day in this country. One of the reasons is that the Federal taxpayers are being bled white to support programs of this kind. The day will come when this program must be eliminated altogether. That day, apparently, is not here now. For myself, I want no part of the further sinking of this country into the morass of debt, bankruptcy, and inevitable dictatorship. For I predict, that given time, that is exactly the eventual fate of this Nation.

Mr. Chairman, I yield back the balance of my time.

Mr. BROOMFIELD. Mr. Chairman, even as a member of the House Foreign Affairs Committee, as a firm advocate of the positive benefits a sound, efficient foreign aid program can have upon our own national interests, and the promotion of freedom and security in this troubled world, I have been reluctant to speak in regard to H.R. 11921, the foreign aid authorization bill we are considering today.

I have given this bill and its provisions, its directions, its aims, a great deal of thought and consideration. I have noted, with approval, some of the amendments which have been offered and which have been passed by the House of Representatives.

I think the Congress is attempting to steer the Agency for International Development in the proper direction in the development portions of our programs, and I think this is proper and correct.

I hope that the administration takes note of these changes of direction, and that it acts upon them promptly, efficiently, and with energy.

Last year, when the foreign aid bill was before us, I had high hopes for the future of our oversea programs. I thought that Congress had provided a proper vehicle, an effective instrument by which we could spread our own belief in freedom, in the dignity of man, and help those who are less fortunate than ourselves to help themselves.

Unfortunately, all these hopes have not come to pass. The vehicle we created here in Congress last year seems to have developed engine trouble.

It is sputtering, coughing, stalling, and wasting gas, and the mechanics who have made the proper diagnosis of the troubles within the agency have not been permitted to even lift up the hood to see what is wrong inside.

Part of the problem, I am convinced, is that the AID agency is more interested in the instruments on the dashboard, in something called measurable progress than it is in actually getting to where it is supposed to be going.

There seems to be a dangerous preoccupation with such things as economic indicators within the agency, the "country planning" approach which puts everything in terms of gross national product, per capita income, balance of trade, balance of payments, as if these indicators of and by themselves are the sole reason for our program overseas.

There is a prime concern for dollars, for investment capital, and a notable lack of concern of what is actually happening among the people of the country we are attempting to assist.

Yet, we know that these economic indicators can give us false readings. We know, for instance, that if the rich become richer and the poor remain without hope, without the barest necessities of life, that our economic indicators will go up. We will see a rise in the average per capita income. We will see an increase in the gross national product. We may even see improvements in the balance of trade. But each of us will realize that we really have made no progress and that we have simply increased the chances for a Castro or a Khrushchev to walk in and take over.

I think the AID agency must have a clearer picture in the minds of its officials as to what we are trying to do abroad. Is simply increasing the gross national product of a particular country enough? Will this automatically mean that the threat of a Red takeover has been lessened? Does it mean that our ultimate aim of peace, freedom and justice has been realized? I do not think so.

Part of the problem, I believe, is that AID is attempting to work from the top down with its programs and projects in too many instances. There has not been enough spade work in specific terms.

Those of my colleagues who are from farm areas know exactly what I mean. The first lesson any farmer learns is the necessity of getting his hands dirty. He knows the need of first preparing the soil before the seed is planted so that his crop—if the Government will permit him to grow a crop—is established in a firm foundation.

Only after the soil is adequately prepared and the climate is right does he start planting his seed.

AID seems to be approaching the problem differently. It scatters its seed in the form of dollar bills on the ground and then gives them a bit of water in the form of words and regulations. Some of these seeds do bear fruit, to be sure, but I think our yield could be increased tremendously if there were a better understanding on the part of AID that growth should not be measured in terms of how many seeds we scatter but rather in terms of what these seeds bring about in the way of true economic, social, and political progress.

Throwing dollars at our problems abroad is not going to make them go away. Economics alone is not going to satisfy the hunger in the souls as well as the stomachs of men.

What we need in AID more than anything else is adequate preparation, adequate understanding of the forces, the desires, the longings which are working on the people of Latin America, of Africa, of Asia. What we need is for AID to concentrate on the basic dignity of man, his potential, his dreams, if you will, of a better life ahead for himself and his children.

We cannot even begin to touch these needs if we keep AID up at the Federal level in its dealings with other governments. We cannot feed money into a central government and hope that some of it will trickle down through the bureaucratic weedpatch to those we in Congress are really attempting to assist. What we need in AID is the determination on the part of that agency's officials to get their hands dirty, to till the soil before they plant, to insist upon adequate preparation before we plant our seed capital, and if the government we are attempting to assist is unwilling or unable to do this vital job of preparation, then I think it is up to our Government to go down to the local level to the people to assure that this preparation is carried out.

The main commodity we have to offer the people of the world is not dollars. It is hope. Hope for their children and their children's children. To feed that hope, we must create confidence. To create this confidence, we need tangible results within the AID programs which people can see, can understand, can evaluate.

I think the House has made some notable steps in this direction by its approval of amendments which will help these people at the grassroots level, which will help them acquire a decent home, which will increase their own power to make their own decisions about their own futures, which will give them the means of providing themselves and their children with an adequate education.

I urge my colleagues to join me in support of this bill, this authorization, not only in terms of the dollars it provides to solve our problems abroad, but more importantly in my mind the direction, the approach, the guidelines it gives to the executive branch of our Government on the direction we believe foreign aid should take so that our citizens will benefit to the maximum degree in a free, peaceful, and vital world.

Mr. ROBISON. Mr. Chairman, many of those who addressed themselves today to the difficult issue of aid to Communist or Communist dominated or controlled countries, saw fit to preface their remarks with self-serving declarations attesting to their strong anti-Communist feelings, or something to that effect.

Mr. Chairman, I do not think the basic issue was that simple.

One's vote for or against the Frelinghuysen or the Morgan amendments to either the Feighan substitute or the original Casey amendment, could not be construed as a measure of one's antipathy to communism or one's awareness of the menace of the international Communist conspiracy.

Rather—if such votes were a measure of anything—they would only, to some extent, measure our respective evaluation of foreign aid, in its various aspects, as a weapon for use in winning the cold war. Now, obviously, there is room for much honest difference of opinion concerning the value of that weapon.

Around the Nation—as well as here in the Halls of Congress—the extent of that difference seems to depend upon the foreign aid frustrations of the moment—and this program has been full of inevitable frustrations. I, for one, have always considered our foreign aid program to be both a useful and a necessary weapon for us to use in prosecuting the cold war. Thus I have supported that program against the annual temptation to go along with those who, alarmed by its more obvious failures and oblivious of its less obvious concurrent successes, have urged that we ought to "throw the baby out with the bath water." In fact, if the cold war—as now seems to be the case—shifts from a contest which may ultimately have to be fought out on some conventional battlefield to one which seems more likely to be decided in the arena of world politics and economics, I am inclined to believe that the modern-day version of foreign aid—with proper administration—may well become an indispensable weapon in that conflict.

In any event, is it not certain that our best hope for winning that war—without an all-out atomic holocaust in which no one could win—lies with the billion or so people who are now held captive behind the various Iron Curtains that the tyrants of international communism have erected? Shall we abandon them altogether—and thus, perhaps, permit them in turn to abandon hope? Or shall we rather—while expressing our disapproval of the sort of aid that tends in any way to strengthen or perpetuate their Communist dictators and masters—

continue to grant our President, whoever he may be, the power to extend to those captive people such assistance under this act, as well as under the Public Law 480 program, as—in the judgment of the President—is both vital to the security of the United States, and will promote the independence of the recipient people from international communism?

It seems to me that the latter course is the course we must follow, and my votes were so dictated.

Let it be further noted, that the language of the Morgan amendment together with the language of the vehicle to which it was attached, greatly strengthens the present act insofar as our expression of congressional disfavor toward indiscriminate aid to Communist nations is concerned and, for the first time, lays down certain guidelines which the President must observe in granting any aid under that policy. I think this was sufficient.

One last thought—which others also expressed: Under our Constitution, it is the President who determines foreign policy. That is his sole responsibility. Those of us—and I include myself in such group—who have resisted the attempts of the Chief Executive to invade what we have considered to be the constitutional prerogatives of Congress, were obligated to be equally vigilant against any comparable legislative attempts to invade the defined area of duty and responsibility of the President. Anything else would have been highly inconsistent—regardless of the provocation— and would have tended to further break down that wall of separation of powers upon which our form of government has been based.

Mr. GOODELL. Mr. Chairman, I have in the past voted, reluctantly, for foreign aid, feeling that the program is so vital to our national security that, with all its faults, it must be passed. There is now approximately $6.6 billion in the pipeline of foreign aid. This $6.6 billion will continue to flow whatever we do today.

Now what would the defeat of this bill accomplish? It would, I hope, shock the administration and those who have been, for years, pouring our money indiscriminately and almost automatically into every trouble spot in the world. It would require a thorough reevaluation and recasting of foreign aid.

There is real danger today, Mr. Chairman, that this country is overextending itself. Our balance of payments is more than $2 billion out of balance. We have given $61 billion in economic aid and $29 billion in military assistance since 1946. This total of $90.5 billion has done an incredible job of revitalizing the free world. Where it has been used to reconstruct industrialized countries, such as the Marshall plan aid to Western Europe, it was remarkably successful. But our aid to underdeveloped nations requires drastic revision and rethinking. Such aid is often, too often, wasteful and unrealistic.

I will continue to favor imaginative and prudently administered foreign assistance, but I am tired of assurances that things will be changed, while things go on and on as they have been, wasting our hard-earned money. There has been no significant change in this program under President Kennedy. Unless we do something drastic, the people administering this program will go on ignoring our well-intended congressional amendments to improve the aid program. I am voting "no" today in hopes that I can vote "yes" on a sensible foreign aid program later in this session.

Mr. ROGERS of Florida. Mr. Chairman, I would like to say at this point that I feel the Congress is making strides in reducing the size of outright gift assistance in the foreign aid program. The American people have felt this gift program has been allowed to get far out of proportion, and is a program which occupies an unnecessarily large segment of our national expenditures. I feel that this Nation is spending far too much money as it is, and that we are spending excessive amounts on our own domestic front. We are certainly spending too much in foreign aid, and foreign aid is one area which we would do well to drastically reduce.

In 1959, I offered an amendment in the House which directed the President to conduct a country-by-country study of those nations receiving bilateral grant assistance from the United States and to present to the Congress a specific plan whereby such gift assistance would be progressively reduced and eventually terminated. The amendment was sponsored in the Senate by the distinguished majority leader, Senator MANSFIELD, of Montana. Adoption of this amendment marked the first positive expression of congressional intent that gift and grant assistance be reduced. This amendment had the support of President Kennedy while he served as a Senator in the other body.

The first report was filed by Secretary of the Treasury Dillon, who was then Under Secretary of State. The report contained the encouraging news that plans were underway to terminate within 5 years more than half of the 22 economic-grant programs underway at that time.

As a result of the specific planning carried out under the direction of the Congress in this amendment, requests for gift and grant assistance in the year following the adoption of the amendment amounted to a reduction of $115 million. The amendment was adopted for fiscal year 1960 only. However, in 1961 the committee saw fit to adopt the same amendment which I offered, and insisted on its retention in conference. As a result, it is now part of the permanent law, and I am hopeful that next year the committee will again approve its position in the law. I have been advised that under the direction provided by this amendment, the gift and grant requests this year amounted to $145 million less than last year's request. In short, this amendment may be credited with reducing $260 million in gift and grant aid during the first 3 years of its life.

I commend the Committee on Foreign Affairs for its insistence that this amendment be adhered to by those responsible for this phase of the foreign-aid program. There has been a reduction in these programs in conformance with the intent of Congress as set forth in this amendment, and in addition in conformance with this amendment there has been a shift from out-and-out giveaways to loans and repayable assistance.

In fiscal year 1961 the loan portions of U.S. foreign aid amounted to approximately 34 percent of the total program. In fiscal year 1962 loans amounted to 40 percent of the total program. In the bill before us for fiscal year 1963 loans amount to 50 percent of the entire program.

Mr. Chairman, we are making strides. I commend the committee for retaining the gift and grant reduction amendment which I offered last year and hope the committee will continue this insistence in its future decisions.

Mr. WHARTON. Mr. Chairman, I have again followed the report and more especially, the comments of the members of the Committee on Foreign Affairs, who have spent much time and effort delving into the subject of mutual security and foreign assistance and who, because of their travels and firsthand information, have become authorities in this branch of our national expenditures.

From year to year when this bill comes before the House, we are promised a complete reexamination of the entire matter and legislation that is more responsive to our international interests and our fiscal situation. Now it is pointed out that fewer checks upon Executive action than ever are provided in the present measure and the net result again is described as disappointing with an impressive array of instances of poor planning and faulty administration. The mounting cost of administering the program is especially disturbing in view of the size of our ever-rising national debt, the limit of which has been increased three times during the past year, now setting a world's record of $308 billion for any and all nations.

The tendency over the years has been a marked increase in foreign aid requests with little or no apparent effort from the executive department to curb or control the situation. The most recent example would be the Chief Executive's highly publicized trip to Mexico, wherein modesty certainly was not exercised in connection with aid grants to that country. The proposed $20 million in that case, with possibly $40 million more to be anticipated, will be used for agricultural assistance, seeds, fertilizer, technical aid, and the like. More corn and wheat will be grown in Mexico, which is now reported to export 300,000 tons a year to Castro. Farmlands in Mexico, including benefits to their farmers, are closely controlled by their Government leaving only a pittance for the tiller of the soil, so that the winners in the end will be their bureaucrats and Castro.

It is reported instances of this nature that destroy our confidence in the overall program and cause us to question the continuance of loosely planned foreign handouts. I for one will again fa-

vor a more restricted and better supervised system of foreign aid.

Mr. O'BRIEN of New York. Mr. Chairman, every Member of this House is aware that the President of the United States is responsible for the foreign policy of the United States.

It is risky business to attempt to write foreign policy on the floor of the House through amendments tying his hands.

I refuse to accept the theory that President Kennedy, in his handling of our foreign policy, should be more restricted than was President Eisenhower.

We have no desire to add muscle to the Communist giant. However, I reject the suggestion that we are willing to abandon hope for the hapless lands which are held in Red bondage by force and force alone.

If we can chip a stone here and there from the wall behind which these helpless people are chained we should do so.

Russia knows, and we know, that if a showdown comes, these peoples in the satellite countries will provide the Achilles heel of the Red empire.

I am convinced that our President will use his powers wisely and discreetly and that no aid will go to any country under the sun unless it is designed to help the ultimate good of the United States and the free world.

Perhaps my stand will not win applause from the uninformed at the end of the bar, but it is one which I must take if I am to be honest with myself and concerned with the advance of the cause of freedom.

These are my convictions. They have been bolstered by the stand taken by the gentleman from Pennsylvania [Mr. WALTER].

Anyone who stood here or elsewhere and said the gentleman from Pennsylvania was soft toward communism would be hooted into silence.

He favors this power for the President. So do I.

Mr. SAYLOR. Mr. Chairman, regardless of the stand on foreign aid previously taken by my colleagues, it is abundantly clear that we cannot afford it. Today, we find ourselves at the end of our economy rope, and continuation of the present huge foreign aid program will soon collapse our economy.

For 17 years or more, the citizens of the United States have given untold billions of their dollars to help the rest of the world. We have pursued this course to the verge of national bankruptcy. Our gold supplies have been sucked away. Our national wealth has been scattered across jungles and deserts and down international ratholes. Our national economy, depressed by debt and unbalanced budgets and confiscatory taxes, is presently balanced on a razor-thin fulcrum. It could slide any time into an abyss that would make the depression of the 1930's look like a Sunday school picnic.

Moreover, I hold that there is no need for this full scale aid which the Congress is now being pressured to provide. The Western European economy is flourishing, and Japan has staged an amazing recovery from World War II, so great in fact that our President is asking Japanese industrialists to erect plants in our country. These industrialized countries need no help.

The emerging countries, recently liberated from colonialism, need teachers, missionaries, doctors, agricultural and sanitary personnel, and other technical assistance because they face a long evolutionary process before they can take their place among modern nations. Peoples who seek technical assistance, and who are willing to support at least part of it, should be aided.

The Alliance for Progress sponsors have made an authorized pledge to Latin America of $20 billion in 10 years despite the fact that these countries have invested an estimated $10 billion outside their own countries. If Latin Americans have so little confidence in the stability of their own governments, why should the Congress shift this aid burden to the backs of the U.S. taxpayers. These countries must be told that they cannot expropriate American property on the one hand and have the taxpayers of the United States come in and bail them out on the other.

I have grave doubts about the Alliance for Progress. I am of the opinion that if and when stable Latin governments guarantee property rights to outside investors, ample private capital will become readily available.

Foreign aid advocates hold that our "economic assistance could within two decades catalyze self-sustaining economic growth in most of the underdeveloped free world." Others argue that it "is the best instrument available to the United States for encouraging the growth of politically mature democratic societies." This doctrine has proven most erroneous. Take Brazil, for instance. Our aid to Brazil began in 1942, and despite total aid of over $2 billion and private capital investment of $1.3 billion, its financial position is desperate and her government unstable. Similar aid failures have occurred in Korea, South Vietnam, Laos, Turkey, Cuba, Bolivia, and elsewhere. In other words, the basic assumptions on which the aid program is predicated are unsound.

We are committed to assist certain areas which are directly threatened by Red aggression—Korea, Formosa, southeast Asia, and Berlin at present come under this classification. While this assistance must continue, all such aid should be carefully rescreened with a view to its reduction. I see no reason why we could not extend the Monroe Doctrine over South Korea and then gradually withdraw our garrisons there. Our Okinawa Air Force is within striking range of all North Korea.

The NATO ground force will soon be increased to 30 divisions. The Soviets have 175 regular divisions and some 300 divisions in reserve. Therefore, the NATO divisions cannot be considered an effective war deterrent. In the final analysis, we must admit that our troops in West Germany are there to convince Europeans that should the Red army invade, we will be in the war from the moment the first bomb is dropped. Why then do we need six divisions? Would not a reinforced brigade suffice as a token force?

Surely if we are providing the strategic striking forces for the free world, conventional forces for southeast Asia and perhaps elsewhere, prosperous Europe should provide its own peacetime garrisons. West Germany is exceedingly prosperous and there is no reason, militarily or economically, why we should continue to garrison that state. Our troops there spend some $600 million annually which is a strong factor in our continuing unfavorable balance of payments. A program for the gradual withdrawal of our West German garrison is long overdue. In Berlin and southeast Asia the situation is entirely different. Under present circumstances, we cannot withdraw our troops from these areas.

The Senate was wise to deny financial aid to Commuist satellites Yugoslavia and Poland. Similar action should be taken to include all other countries under Communist domination or leanings, and aid should be denied every country which expropriates American property without prompt and fair compensation.

Mr. Chairman, economic aid should be limited principally to technical assistance. This restriction would work no hardship. There are now eight agencies with lending power of many billions of dollars—the Export-Import Bank, Inter-American Development Bank, International Development Association, International Monetary Fund, World Bank, International Finance Corporation, Inter-American Social Progress Trust Fund, and the Agency for International Development. In addition, there will be a carryover of unexpended aid funds from fiscal 1962 an amount estimated between $5 and $6 billion.

Sending comedians abroad to entertain for the State Department is unnecessary because foreign nations are already laughing themselves sick at this foreign aid program. The Joey Adams' troupe to Afghanistan proved conclusively the inanity of the State Department's cultural program. Congress should be particularly interested in the fact that this so-called funny man was drawing $1,200 a week of taxpayers money for his sojourn halfway around the world. The average taxpayer has been given to believe that these entertainers contribute their talent gratis, whereas in fact they are riding high on Treasury funds in their world tours.

The President has placed responsibility for our unfavorable balance of payments where it belongs:

> It is the combination of the $3 billion that we spend keeping our defense forces overseas, and combined with assistance we give in other ways, which provides for our dollar drain.

This administration is employing a series of economic stratagems in a desperate attempt to hide our chronic unfavorable balance of payments. But the

one sure cure is to stop our lavish oversea spending. Annually, the U.S. Government spends more than $6 billion overseas. This is principally for economic aid, military assistance and the spending by and for our oversea forces. So long as this huge spending continues, our unfavorable balance of payments will continue, and enable foreigners to amass nearly $23 billion short-term credits redeemable in gold. When foreign aid began, our gold reserves stood at $24.5 billion—it now stands at $16.4 billion—$11.5 billion must be retained by law to strengthen our currency. This leaves less than $5 billion in free gold to meet potential demands totaling nearly $23 billion.

If our economy is to survive, we must maintain a sound dollar. It is obvious that Europeans hold our economy at their mercy, and watch it like a Shylock. If we return to a sound economy, the dollar will be respected; foreigners will invest their dollar holdings rather than buy gold. On the other hand, if we continue our present aid program, as the dollar value worsens, foreign held dollars will draw down our gold.

Largely because of multibillion-dollar gifts from Washington, foreign countries have been able to establish industries which undersell ours. Our industries pay high wages and taxes; industry abroad pays low wages and benefits from its government subsidies or favorable tax treatment. We have given much of the world our latest technology, machinery, and know-how. As a consequence, foreign products are being dumped on our market, and depressed areas result with widespread unemployment. No one advocates lower wages for Americans, but lower taxes, both corporate and personal withholding, would improve the competitive position of our industry.

Our so-called mutual security assistance gives our industrialized allies an additional impetus to their flourishing economies by underwriting much of their defense burden. In both world wars, our genius for industrial production was decisive in our victories. The serious decline of our industry as a result of foreign competition is undermining our defense effort and threatens our survival.

The claim that aid money spent at home strengthens our economy is pure sophistry. The administration's argument that two-thirds of aid money is spent in the United States is inaccurate. Here are the figures taken from AID Operations Report of December 31, 1961. Fiscal year 1959, 47 percent; 1960, 41 percent; 1961, 44 percent; and the first half of 1962, 60 percent.

Doubtless Government contracts for foreign aid materials have brought profits to U.S. firms and may have influenced them and their workers to support foreign aid. However, when a manufacturer's product is given away, rather than strengthening our economy, it siphons off our wealth. Money spent for goods and services to be used as foreign aid creates consumer buying power, but not consumer goods for Americans. Hence such foreign aid is by its very nature inflationary.

Were foreign aid expenditures drastically reduced, taxes could be lowered. The people, with increased buying power, would alleviate the unemployment situation and create a boom.

Mr. Chairman, I am compelled to conclude that strong measures are vital if we are to recover economic stability. The President himself realizes this and "has ordered his Council of Economic Advisers to study Western Europe's budget, tax and economic policies to find out, if it can, what makes Europe run while America walks."

The President does not need to send his Economic Advisers to Europe to find what "makes Europe run while America walks." Europeans are too understanding of the folly of foreign aid, too thrifty, and too mindful of their taxpayers to scatter foreign handouts to the four corners of this world to the tune of some $5 billion annually. If we will but cut foreign aid to the bone, our economy also will run instead of walk. The American taxpayer should be relieved of carrying the weight for the whole world.

For years, we have ben giving away our billions all over the world, to "keep countries from going Communist." It has been a poor investment, for more and more countries and areas turn left in spite of our billions.

Some Americans say we should continue to give away our savings because it is the charitable thing to do, and we can afford it. Is it? Can we? We have been pouring out our earnings for years to people, most of whom tax themselves at lower rates than we pay in order to make gifts to them. And many, many of these nations who not only accept our gifts but demand more, are no nearer self-support nor the self-respect it brings, than when we started to pay their bills.

If foreign aid simply makes foreign nations expect it, and if it does not prevent the spread of communism or its blood-brother "neutralism," are we not simply making more and more countries more attractive prey for Communist aggressors? Are we not just supplying the wealth that will make those areas worth conquering, without forcing them to use our aid to make themselves strong enough to resist our common enemy?

Where is the charity—where is the good sense or decency—in that?

Mr. ASHBROOK. Mr. Chairman, it is well past the time for the United States to take a long, hard look at our foreign aid programs. Not only from a standpoint of our fiscal position—this administration has spent more than $10 billion in excess of what we had to spend since it came into office—but from the viewpoint of what foreign aid as a program is doing throughout the world. Most Americans have believed that we should help others to the extent that we can, on a short-term basis, to allow them to help themselves. This is not only the right thing to do but it is in the interest of the free world fight against communism.

I believe, my colleagues, that the public is catching on to the sheer waste and stupidity of the program and will no longer tolerate such inefficiency as abounds in foreign aid. In truth, most of the statements on the floor today and yesterday by the bill's proponents contained more apologies for foreign aid than anything else. Unless some serious effort is made to tailor foreign aid to a workable, efficient program it will collapse of its sheer obesity. Guidelines must be established that assure the people of the countries receiving aid will truly be benefited. Too many examples can be cited of lining the pockets of the ruling class. In Latin America today, for example, there is little argument that more capital is fleeing to Swiss banks and other safe retreats than we are asked to pour in to help.

Let us take a look at just where this aid has gone. The figures given are the minimum since other means of channeling our dollars have been devised by the bureaucrats who promote this program. Some of it, of course, went for good purposes and assisted our neighbors in their fight for freedom. Too much, however, went to those who want our money but call themselves neutral although judged by their votes in the United Nations, their public pronouncements and actions they seem more friendly to Khrushchev and company. Here is the official breakdown of our foreign aid program:

Foreign aid as of June 30, 1961

Austria	$1,170,100,000
Belgium-Luxembourg	1,935,200,000
Denmark	822,200,000
France	9,423,600,000
Germany (Federal Republic)	4,993,900,000
Berlin	127,000,000
Iceland	62,600,000
Ireland	146,200,000
Italy (including Trieste)	5,517,000,000
Netherlands	2,416,000,000
Norway	1,024,500,000
Poland	509,400,000
Portugal	370,600,000
Spain	1,470,300,000
Sweden	108,900,000
United Kingdom	8,668,300,000
Yugoslavia	2,132,400,000
Regional	2,237,300,000
Burma	93,900,000
Cambodia	263,600,000
China, Republic of	3,894,500,000
Indochina (undistributed)	1,535,000,000
Indonesia	558,000,000
Japan	3,462,500,000
Korea	4,486,600,000
Laos	301,200,000
Malaya	21,800,000
Philippines	1,555,700,000
Thailand	571,800,000
Vietnam	1,895,900,000
Regional	316,100,000
Greece	3,073,500,000
Iran	1,012,500,000
Iraq	65,300,000
Israel	709,100,000
Jordan	230,900,000
Lebanon	86,100,000
Saudi Arabia	46,600,000
Turkey	3,094,900,000
United Arab Republic	295,000,000
Nicaragua	42,500,000
Panama	58,600,000
Paraguay	39,500,000
Peru	334,300,000
Uruguay	72,300,000
Venezuela	73,300,000
West Indies Federation	11,500,000
Oversea Territories	4,800,000
Regional	111,100,000

Foreign aid as of June 30, 1961—Continued

Ethiopia	$115,000,000
Ghana	4,000,000
Guinea	3,800,000
Liberia	73,300,000
Libya	154,000,000
Yemen	11,300,000
CENTO	23,200,000
Afghanistan	145,700,000
Ceylon	65,300,000
India	2,383,900,000
Nepal	39,400,000
Pakistan	1,255,700,000
Regional	854,200,000
Argentina	460,500,000
Bolivia	191,700,000
Brazil	1,376,500,000
Chile	364,600,000
Colombia	249,500,000
Costa Rica	68,700,000
Cuba	52,000,000
Dominican Republic	8,800,000
Ecuador	84,300,000
El Salvador	10,000,000
Guatemala	117,400,000
Haiti	80,400,000
Honduras	34,900,000
Mexico	600,000,000
Morocco	194,700,000
Nigeria	6,200,000
Somali Republic	9,100,000
Sudan	44,100,000
Tunisia	135,200,000
Oversea Territories	60,900,000
Regional	21,600,000
Nonregional	3,336,200,000
Total all countries	84,090,800,000

Actual costs, according to the International Cooperation Administration, have exceeded $5 billion per year since the inception of the program. The yearly breakdown is as follows for our foreign aid program:

[In billions of dollars]

1946–48	14.4
1949	8.4
1950	5.2
1951	4.6
1952	4.0
1953	6.8
1954	5.8
1955	5.2
1956	5.6
1957	5.4
1958	5.4
1959	5.8
1960	5.3

This is the iceberg above the surface. A closer study of our foreign aid which goes under other labels would run the amount up considerably—probably by as much as 50 percent. Only today Yugoslavia got a loan from the World Bank which is largely subsidized by U.S. taxpayers.

President Kennedy wants $4.9 billion of our tax money to go into the foreign aid program next year, about $1.6 billion more than Congress gave him last year. The Congress has seen fit to cut about $400 million of it. Most Americans have believed that we should assist needy nations wherever possible. After the war, we all accepted the idea that we should assist war-torn Europe and we did. Next we were sold the idea—and we bought it—that we should help so-called underdeveloped countries although now we see many of these same countries flooding cheap products into our country and getting thereby aid on the one hand and our jobs on the other. What we have never accepted, however, is the idea that obviously was there all of the time—foreign aid forever.

On February 2, 1962, Presidential Adviser, Chester Bowles, an ardent one-worlder, said "foreign aid will be with us all our lives." He added that "it can be expected countries with Communist leanings will receive such aid." It can be shown time and time again that we have the complete paradox of spending billions for defense—why for defense? Because of the Communist criminal conspiracy—and at the same time millions flow through our foreign aid syphon to the very countries threatening the peace of the world.

Probably the biggest fallacy in the whole job of selling the foreign-aid program is that of overselling. President Kennedy flatly states that every dollar of the $4.9 billion aid is vital to this country and to world security. The truth probably never will be known as to how badly mismanaged and how extravagant the program is but enough of the iceberg is visible above the surface to know it is downright deplorable.

Last month, the House Foreign Affairs Committee released a report which told the American taxpayer nothing new. It stated that "moneysaving does not appear to be an important objective in the administration of U.S. aid." A few of the examples of poor administration cited were first, a $5.3 million military aid project in Turkey which has produced nothing in 5 years; second, a $10 million project in Korea which was supposed to get underway 4 years ago but has not been started; third, waste of $300,000 in South Vietnam on trucks that could have been bought cheaper; and, fourth, an $11 million highway project in Vietnam approved 2 years ago which is not even on the drawing boards yet.

If we were merely spending money unnecessarily it would be bad enough. Unfortunately, this money is being used to promote socialism and totalitarianism in many of the recipient countries. We are encouraging socialistic reform in South America. Our Government is showing countries how to force up the price of coffee and tin—to the adverse interest of American consumers—by government control. Free enterprise and the free market are not encouraged.

Because of our weakness in giving leadership, we invite the stealing of American property. Does this cut off foreign aid? No. Starting with the recognition of Communist Russia in the early days of the first Roosevelt administration our policy has allowed the stealing of American property with impunity. Castro expropriated billions in American property during the Eisenhower administration and evoked little protest. President João Goulart, of Brazil, literally stole American property last fall and then comes to Washington to get the red carpet treatment and speak before a joint session of Congress. No aid should go to any country which steals American property.

Another fallacy is the argument that the Soviets will give aid to the underdeveloped countries if we do not and thereby advance the cause of communism. Except in the early days of the program, foreign aid has done very little to check the growth of communism. The Soviet Union talks of financial assistance to countries and we make the mistake of assuming that their aid is similar to ours. It is not by any stretch of the imagination. They do not give bona fide financial aid except in rare situations. They give Soviet bloc credits for payment of Soviet technicians, labor, and so forth, and almost always force the recipient country to make a reciprocal deal. They use very few grants and classify most of their assistance as loans. They do not use our handout method but endeavor to tie the country to them by use of credits for periods of 10 or 15 years, thereby exerting influence in the country for many years after our large grants are forgotten.

The Agency for International Development—AID—which dispenses the billions in foreign aid admitted in March that it was possible that U.S. aid was mingled with Soviet aid in 18 nations. This was revealed only after a House subcommittee uncovered the fact that materials purchased by American aid had been used in the construction of a Soviet-sponsored hospital in Cambodia. AID said there was not anything startling about this because the Communists help us once in a while, too.

Every dollar is needed? A few weeks ago we read of Emperor Haile Selassie using several million of our foreign aid dollars to refurbish his yacht with gold wallpaper and the trimmings fitting for a potentate. The gentleman from Ohio, Representative WAYNE HAYS, Democrat, recently raised the roof after learning that American taxpayers were footing the bill for $3,000 a month salaries to Congolese Cabinet members through our foreign aid. These are but a few examples of what we are doing.

We are constantly told that we "owe" foreign aid. Even to the extent, the do-gooders say, that we should borrow to give it away. This is precisely our position of the past few years. Our deficit spending has been almost exactly the amount of our foreign aid. We have more national debt than the combined debt of all those whom we are aiding and our gold reserves are running out. Everything points to a situation which would make reasonable men wonder but the Congress and the President continue on their merry way. Make no mistake about it, my colleagues, the public has had its fill of this Alice in Wonderland approach to domestic and international issues. The public is not so gullible or so easily misled. The public surely understands the Communist criminal conspiracy better than does the State Department. More commonsense prevails among the people back home than you give them credit for. They are generous, they are humanitarian, they want to help their neighbor but they are also interested in the solvency of their Republic.

Speaking of our interest, it is significant to watch the efforts of the Kennedy administration in watering down the Senate-passed version of the aid program as it relates to foreign assistance to Communist countries. Here is one issue with which the public is concerned and, in my opinion, has a very definite understanding. I urge a rollcall vote on this matter so the constituents back

home can find out who is for giving our taxpayers' money to further communism. Let those who so believe answer at the polls.

The most fallacious of all arguments is given to support aid to Yugoslavia, Poland, and the other Soviet satellites. I absolutely oppose aid to Communist countries. The worst perversion of history is perpetrated to justify this aid. We are told that conditions are better in these countries since our aid money has flowed to their governments. This is true. There was unrest before our aid because communism did not work well and the people began to protest. Our aid has made conditions better and helped tranquilize them. They now think communism works and they will be more content. A double blow is dealt because those who are working against communism within these countries are hampered in their efforts to return these countries to the free world. The United States looks like a complete fool to these patriotic freedom fighters. Take the time to talk to some of these Polish or Yugoslavian anti-Communists. They are bewildered at the foolishness of America in assisting their oppressors. We are told by the State Department and the administration that this foreign aid helps people and not governments but the facts do not substantiate these arguments. The Communist tyrants will never be forced to face the wrath of their subjects as long as we bail out their tottering regimes.

U.S. policy on foreign aid has, in my judgment, been wavering, unrealistic, and susceptible to blackmail. A good example was cited by Time magazine in February of this year when it told of Uruguay's Chief of State, Victor Haedo, bluntly asking Secretary of State Dean Rusk:

> Tell me, that aid you promised, when is it coming in?

Rusk replied:

> Very soon, Mr. President, just as soon as Congress approves it.

Haedo then snapped:

> Well, then, it will be received by our grandsons.

Secretary Rusk as usual just took it rather than explaining to President Haedo that we were doing them a favor, after all, and he should be more worried about complying with the conditions we have laid down for the Alliance for Progress.

Such is not the case, however, in our friend buying and foolishness in the foreign aid program. A general loss of respect can be expected if we continue to go in this direction.

Probably the most regretable tactic is that of telling the people we must continue these handouts to prevent the Communists from taking over. "An empty stomach is a Communist workshop," we are told. This completely overlooks the historical nature of communism which is a criminal conspiracy and not a philosophy. Highly developed countries like Poland and Czechoslovakia were taken over by subversion, not hunger—subversion and our lack of responsible foreign policy, I should say. Those who would frighten us in to believing that the Communists will take over unless we pour our dollars by the billion never try to answer the China riddle or the fact that communism and socialism have never really solved any problems in the countries of the world. The Chinese have communism and they are hungry. Except for our aid the people of Poland and Yugoslavia would probably be in revolt.

All one needs to do is to read the headlines and articles in our newspapers. The Washington Star of June 9, 1962, carried an article in which it was stated:

> Anti-American demonstrations spread in South Korea today. The U.S. Army ordered American military personnel in the Seoul area restricted to base except for official business.

U.S. aid to Korea as of June 30, 1961 was $4.6 billion;

The New York Times of June 9, 1962:

> COLOMBO, CEYLON.—Minister of trade Tikiri Banda Ilangaratne announced today the Government seizure of further properties of Esso, Shell, and Caltex oil companies in Ceylon.

U.S. aid to Ceylon has been $63 million.

New York Times of June 11, 1962:

> ATHENS.—The Government appealed to farmers today to limit wheat-growing on the ground that it deprived Greece of substantial United States aid in agricultural surpluses.

Greece has received $2.95 billion in U.S. aid.

We hear a lot about the Common Market and how they are going to be the whiz kids in economic competition from now on. Well, we have given the Common Market countries $22.8 billion in U.S. aid.

On May Day, 1962, President Sukarno, of Indonesia, declared that he had brought respectability to that country's Communists because he was convinced that they were beneficial to the young nation. While trying to establish a Socialist state himself, he noted in a speech before the closing session of the Communist Party Congress:

> I am very happy to have removed the Communist phobia from the minds of our people. Two years ago communism was regarded as Satan and Devil by the majority of the Indonesian people.

Now, that is real progress. We have literally poured foreign aid dollars into that country—over one-half billion dollars—and he has pursued a policy which in his own words has removed the "phobia" about communism. Indonesia has been purchasing cruisers, destroyers and submarines from Poland and Yugoslavia to strengthen her military establishment for the proposed takeover of Dutch New Guinea. More of what the gentleman from Minnesota, Representative WALTER JUDD, referred to as our policy of "trying to make friends out of our enemies by making enemies out of our friends."

In Ghana, we have helped build a despotic reign of terror with our support and dollars. President Kwame Nkrumah is running a police state yet only last year the United States pledged $133 million to help finance a huge power dam and aluminum plant on the Volta River. Item: On May 1, 1962, it was announced in Moscow that President Nkrumah had been awarded the Lenin Peace Prize.

Another Lenin Peace Prize winner, President Sekou Touré found the way to make the dollars jingle. Though toeing the Communist line, he claims his little country of Guinea is threatened by Communist takeover.

In Cambodia, Prince Norodom Sihanouk has said:

> Be sure of one thing: in spite of all the disapproval of the West will never abandon my friendship with the Chinese and the Russians. I will never give them up.

That is all right, we will drop $270 million in that country because, after all, there is a chance.

Trade and aid has been stepped up during the Kennedy administration to the Communist bloc countries. Secretary Rusk artfully sells the idea that Communists are not really Communists if they live in Yugoslavia, Poland, and so forth. Item: we build a steel mill for Poland at the same time they are offering $32.1 million to India as a long-term loan. These facts would be humorous if they were not so tragic.

On June 22 of this year, Prime Minister Cheddi B. Jagan, of British Guiana, acknowledged that he could be described as a Communist, according to a New York Times article. Dr. Jagan was giving evidence before a commission inquiring into the February riots at Georgetown and said he believed the Communist creed of "each according to his ability; each according to his need." Yet, he will be holding his hands out for our foreign aid and we will give it to him. Will he build a free government or a Communist government with this money? You answer the question.

On the same day, Prime Minister Jawaharlal Nehru complained bitterly that the United States and Britain had voted against India in the United Nations Security Council's consideration of the dispute over Kashmir. He said that their actions cast "doubt" on their good will toward India and that all the good will built up over the years "is washed out in one stroke" by a "speech made and a vote cast." Now, that is a good example of the success of our foreign aid program. We have given India over $2.4 billion but it is all washed out in one stroke. Will not we ever wake up? You do not have to use anything more than commonsense to see what is happening and how foolish we are. Mr. Nehru continued:

> Speeches made by the U.S. Representative in the Security Council meeting on Goa hurt us, annoyed us, irritated us, angered us.

India votes with the Communist bloc more often than with us and that is not supposed to annoy us, irritate us, anger us—no, we just continue pouring out the dollars. Does this make good sense?

Our latest spat with India is over their purchase of Mig fighters from Russia. It appears the issue will be settled and they will not buy them from the Russians. Krishna Menon will reluctantly agree to purchase of British or French planes provided they are paid for by U.S. dollars. Another victory for our

hard-hitting State Department and the foreign aid bureaucrats.

What should we do about foreign aid? The answer is the same as it is in the realm of domestic waste, duplication, and inefficiency—turn off the tax dollar spigot. Foreign aid was founded on a humanitarian instinct at a time of dire need. It has been maintained by overselling its need—indeed, some say that we "owe" it—on a false understanding of what the Communists are doing. In 1948, 450 people were employed to administer the program. Thirteen years and over $80 billion later, this staff has grown to 12,000 persons who direct 2,000 projects with an additional 9,000 persons engaged in military assistance alone. We are long past due the time when we should examine this giveaway program very closely, cut it drastically, and use it only where we are promoting the cause of freedom.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the Chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 11921) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, pursuant to House Resolution 689, he reported the bill back to the House with sundry amendments adopted in Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

This bill was ordered to be engrossed and read a third time and was read the third time.

Mrs. CHURCH. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentlewoman opposed to the bill?

Mrs. CHURCH. I am.

The SPEAKER. The gentlewoman qualifies. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mrs. CHURCH moves to recommit the bill, H.R. 11921, to the Committee on Foreign Affairs.

(By unanimous consent, the previous question was ordered.)

The SPEAKER. The question is on the motion to recommit.

Mrs. CHURCH. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were refused.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. HÉBERT. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken and there were—yeas 250, nays 164, not voting 22, as follows:

[Roll No. 153]

YEAS—250

Addabbo	Garmatz	Natcher
Albert	Gary	Nedzi
Anfuso	Giaimo	Nelsen
Arends	Gilbert	Nix
Ashley	Glenn	Norblad
Aspinall	Gonzalez	O'Brien, Ill.
Auchincloss	Granahan	O'Brien, N.Y.
Avery	Gray	O'Hara, Ill.
Ayres	Green, Oreg.	O'Hara, Mich.
Bailey	Green, Pa.	Olsen
Baldwin	Griffin	O'Neill
Barrett	Griffiths	Osmers
Barry	Hagen, Calif.	Ostertag
Bass, N.H.	Halleck	Patman
Bass, Tenn.	Halpern	Perkins
Bates	Hansen	Peterson
Beckworth	Harding	Philbin
Bennett, Fla.	Hardy	Pike
Blatnik	Hays	Pirnie
Boggs	Healey	Price
Boland	Hébert	Pucinski
Bolling	Hechler	Purcell
Bolton	Herlong	Quie
Boykin	Holifield	Randall
Brademas	Holland	Reuss
Breeding	Huddleston	Rhodes, Pa.
Brewster	Inouye	Riehlman
Bromwell	Joelson	Rivers, Alaska
Brooks	Johnson, Calif.	Roberts, Tex.
Broomfield	Johnson, Md.	Robison
Broyhill	Johnson, Wis.	Rodino
Buckley	Jones, Ala.	Rogers, Colo.
Burke, Ky.	Jones, Mo.	Rooney
Burke, Mass.	Judd	Roosevelt
Byrne, Pa.	Karsten	Rosenthal
Byrnes, Wis.	Karth	Rostenkowski
Cahill	Kastenmeier	Ryan, Mich.
Cannon	Kearns	Ryan, N.Y.
Carey	Kee	St. Germain
Celler	Keith	Santangelo
Chelf	Kelly	Schneebeli
Chiperfield	Keogh	Schweiker
Clark	Kilburn	Schwengel
Coad	King, Calif.	Scranton
Cohelan	King, Utah	Seely-Brown
Conte	Kirwan	Selden
Cook	Kluczynski	Shelley
Cooley	Kunkel	Sheppard
Corbett	Lane	Sibal
Corman	Lankford	Sisk
Curtin	Lesinski	Slack
Daddario	Libonati	Smith, Iowa
Dague	Lindsay	Smith, Miss.
Daniels	Loser	Spence
Dawson	McDowell	Springer
Delaney	McFall	Stafford
Dent	Macdonald	Staggers
Denton	MacGregor	Stratton
Diggs	Madden	Stubblefield
Dingell	Magnuson	Sullivan
Dominick	Mahon	Thompson, N.J.
Dooley	Mailliard	Thompson, Tex.
Downing	Marshall	Thornberry
Doyle	Martin, Mass.	Toll
Dulski	Mathias	Trimble
Dwyer	Matthews	Tupper
Edmondson	Meader	Udall, Morris K.
Elliott	Merrow	Ullman
Ellsworth	Miller, Clem	Vanik
Everett	Miller, George P.	Van Zandt
Evins	Miller, N.Y.	Vinson
Fallon	Milliken	Wallhauser
Farbstein	Mills	Walter
Fascell	Monagan	Watts
Feighan	Montoya	Weis
Fenton	Moorhead, Pa.	Westland
Finnegan	Morgan	Whalley
Fino	Morrison	Widnall
Fogarty	Morse	Wilson, Calif.
Ford	Mosher	Wright
Frelinghuysen	Moss	Yates
Friedel	Multer	Zablocki
Fulton	Murphy	Zelenko
Gallagher		

NAYS—164

Abbitt	Becker	Cederberg
Abernethy	Beermann	Chamberlain
Adair	Belcher	Chenoweth
Alexander	Bell	Church
Alger	Bennett, Mich.	Clancy
Andersen, Minn.	Berry	Collier
Anderson, Ill.	Betts	Colmer
Andrews	Bonner	Cramer
Ashbrook	Bow	Cunningham
Ashmore	Bray	Curtis, Mo.
Baker	Brown	Davis, James C.
Baring	Bruce	Davis, John W.
Battin	Burleson	Derounian
Casey	Derwinski	King, N.Y.
Devine	Kitchin	Rogers, Fla.
Dole	Knox	Rogers, Tex.
Dorn	Kornegay	Roudebush
Dowdy	Kyl	Roush
Durno	Laird	Rousselot
Findley	Landrum	Rutherford
Fisher	Langen	St. George
Flynt	Latta	Saylor
Forrester	Lennon	Schadeberg
Fountain	Lipscomb	Schenck
Garland	McCulloch	Scherer
Gathings	McDonough	Scott
Gavin	McIntire	Shipley
Goodell	McMillan	Short
Goodling	McVey	Shriver
Grant	Mack	Sikes
Gross	Martin, Nebr.	Siler
Gubser	May	Smith, Calif.
Hagan, Ga.	Michel	Smith, Va.
Haley	Minshall	Steed
Hall	Moeller	Stephens
Harris	Moore	Taylor
Harrison, Va.	Moorehead, Ohio	Teague, Calif.
Harrison, Wyo.	Morris	Teague, Tex.
Harsha	Moulder	Thomas
Harvey, Ind.	Murray	Thomson, Wis.
Harvey, Mich.	Norrell	Tollefson
Hemphill	Nygaard	Tuck
Henderson	O'Konski	Van Pelt
Hiestand	Passman	Waggonner
Hoeven	Pelly	Weaver
Hoffman, Ill.	Pilcher	Wharton
Hosmer	Pillion	Whitener
Hull	Poage	Whitten
Ichord, Mo.	Poff	Wickersham
Jarman	Ray	Williams
Jennings	Reece	Willis
Jensen	Reifel	Wilson, Ind.
Johansen	Rhodes, Ariz.	Winstead
Jonas	Rivers, S.C.	Young
Kilgore		Younger

NOT VOTING—22

Alford	Hoffman, Mich.	Rains
Blitch	Horan	Riley
Curtis, Mass.	Kowalski	Roberts, Ala.
Davis, Tenn.	McSween	Saund
Donohue	Mason	Taber
Flood	Pfost	Thompson, La.
Frazier	Powell	Utt

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Davis of Tennessee for, with Mr. Thompson of Louisiana against.

Mr. Donohue for, with Mrs. Riley against.

Mr. Frazier for, with Mr. McSween against.

Mr. Kowalski for, with Mr. Alford against.

Mr. Roberts of Alabama for, with Mrs. Blitch against.

Mr. Powell for, with Mr. Mason against.

Mr. Curtis of Massachusetts for, with Mr. Hoffman of Michigan against.

Mr. Rains for, with Mr. Utt against.

Mr. Flood for, with Mr. Taber against.

Until further notice:

Mrs. Pfost with Mr. Horan.

The result of the vote was announced as above recorded.

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that the Clerk be authorized to make corrections as to the section and subsection numbers in connection with the amendments adopted by the committee.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MORGAN. Mr. Speaker, pursuant to House Resolution 689, I call up the bill S. 2996 and move to strike out all after the enacting clause of the Senate bill and insert in lieu thereof the text of the bill H.R. 11921 as passed.

The Clerk read the title of the Senate bill.

The Clerk read the Senate bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1962".

PART I—ACT FOR INTERNATIONAL DEVELOPMENT OF 1961

Chapter 1—Short title and policy

SEC. 101. (a) Section 102 of the Foreign Assistance Act of 1961, as amended, containing a statement of policy, is amended by inserting the following sentence at the end of the sixth paragraph: "It is further the sense of Congress that support for the peaceful uses of atomic energy should be continued, in furtherance of the purposes of this part. It is further the sense of Congress that it is desirable that the programs of assistance under this part to each country receiving such assistance, as well as such country's own programs of economic development, should be reviewed by Advisory Committees appointed by the President to advise the President and the Congress whether such programs will be effective in achieving the purposes of this Act and in bringing about the economic development of such countries."

(b) Such section is further amended by inserting after the seventh paragraph the following:

"It is the sense of Congress that requests for appropriations to carry out programs of assistance under this Act should be accompanied by information with respect to the priorities assigned among the countries receiving assistance for the fiscal year for which appropriations are requested.

"It is further the sense of Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military or propaganda efforts, supported by the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this Act."

(c) Such section is further amended by inserting at the end of the last paragraph the following new sentence: "It is the sense of Congress that, where feasible, the United States Government invite friendly nations to join in missions to consult with countries which are recipients of assistance under this part on the possibilities for joint action to assure the effective development of plans for the economic development of such recipient countries and the effective use of assistance provided them; and that the President may request the assistance of the International Bank for Reconstruction and Development in bringing about the establishment of such missions."

Chapter 2—Development assistance

Title II—Development Grants and Technical Cooperation

SEC. 102. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

(a) In section 211(a), which relates to general authority, strike out "In so doing" in the second sentence and substitute "In furnishing assistance to countries and areas under this title".

(b) In section 212, which relates to authorization, strike out "1962" and "$380,000,000" and substitute "1963" and $300,000,000", respectively.

(c) Strike out section 213, which relates to atoms for peace.

Title III—Investment Guaranties

SEC. 103. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221(b) which relates to general authority, as follows:

(1) In paragraph (1) strike out "$1,000,000,000" in the proviso and substitute "$1,300,000,000".

(2) In paragraph (2) strike out the words preceding the first proviso and insert in lieu thereof the following: "where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of any loan investment for housing projects with appropriate participation by the private investor in the loan risk and in accordance with the foreign and financial policies of the United States, or assuring against loss of not to exceed 75 per centum of any other investment due to such risks as the President may determine, upon such terms and conditions as the President may determine".

(3) In paragraph (2) strike out "$90,000,000" in the third proviso and substitute "$180,000,000", and after the word "guaranty" insert the following: "in the case of a loan shall exceed $25,000,000 and no other such guaranty".

(b) Amend section 222, which relates to general provisions, as follows:

(1) In subsection (d) insert ", and out of funds made available pursuant to this title" before the period.

(2) Add the following new subsection (f):

"(f) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1963 to carry out the purposes of this title not to exceed $100,000,000, which shall remain available until expended."

(c) Amend section 224, which relates to housing projects in Latin American countries, as follows:

(1) In subsection (b) strike out "$10,000,000" in the second sentence and substitute "$60,000,000".

(2) In subsection (c) strike out "and (e)" and substitute "(e), and (f)".

Title IV—Surveys of Investment Opportunities

SEC. 104. Section 232 of the Foreign Assistance Act of 1961, as amended, which relates to surveys of investment opportunities, is amended by striking out "1962" and substituting "1963".

Alliance for Progress

SEC. 105. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development assistance, is amended by adding at the end a new title VI, as follows:

"Title VI—Alliance for Progress

"SEC. 251. GENERAL AUTHORITY.—(a) It is the sense of the Congress that the historic, economic, political, and geographic relationships among the American peoples and Republics are unique and of special significance and that the Alliance for Progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relationships among them. Accordingly, the President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

"(b) Assistance furnished under this title shall be directed toward the development of human as well as economic resources. In furnishing assistance to countries and areas under this title, the President shall take into account (1) the principles of the Act of Bogotá and the Charter of Punta del Este, and in particular the extend to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives; and (4) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved. In making loans under this title from funds which are required to be used for loans payable as to principal and interest in United States dollars, the President shall take into account, in addition to the considerations named in the preceding sentence, whether financing could be obtained in whole or in part from other free world sources on reasonable terms and the efforts made by recipient nations to repatriate capital invested in other countries by their own citizens. The provisions of sections 201(d), 202(b), 202(c), and 204 shall be applicable to such loans, and they shall be made only upon a finding of reasonable prospects of repayment.

"(c) The authority of section 614(a) may not be used to waive the requirements of this title with respect to funds made available for this title which are required to be used for loans payable as to principal and interest in United States dollars, and the authority of section 610 may be used to transfer such funds only to funds made available for title I of chapter 2 of part I.

"(d) In order to carry out the policies of this Act and the purpose of this title, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to insuring a wider and more equitable distribution of the ownership of land.

"(e) In furnishing assistance under this title, consistently with and for the purposes of section 601(b)(4) of this Act, the Agency for International Development or any other departments and agencies designated by the President shall provide such assistance as may be determined by the President to be necessary from time to time in order to make effective the efforts of the Commerce Committee for the Alliance for Progress, established under the Department of Commerce.

"SEC. 252. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, not to exceed $600,000,000 for use beginning in the fiscal year 1963 and not to exceed $800,000,000 for use beginning in each of the fiscal years 1964 through 1966, which sums are authorized to remain available until expended and which, except for not to exceed $100,000,000 of the funds appropriated pursuant to this section for use beginning in the fiscal year 1963, shall be available only for loans payable as to principal and interest in United States dollars."

Chapter 3—International organizations and programs

SEC. 106. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to International organizations and programs, is amended by striking out "1962" and "$153,500,000" and substituting "1963" and "$148,900,000", respectively.

Chapter 4—Supporting assistance

SEC. 107. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out "1962" and "$465,000,000" and substituting "1963" and "$400,000,000", respectively.

Chapter 5—Contingency fund

SEC. 108. Section 451 of the Foreign Assistance Act of 1961, as amended, which re-

lates to the contingency fund, is amended by striking out "1962" and substituting "1963".

PART II—INTERNATIONAL PEACE AND SECURITY ACT OF 1961

Chapter 2—Military assistance

SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) In section 506, which relates to conditions of ellgibility, add a new subsection as follows:

"(c) The President shall regularly reduce and, with such deliberate speed as orderly procedure and other relevant considerations, including prior commitments, will permit, shall terminate all further grants of milltary equlpment and supplies to any country having sufficient wealth to enable it, in the judgment of the President, to maintain and equip its own military forces at adequate strength, without undue burden to its economy."

(b) In section 507(a), which relates to sales, insert "not less than" before "the value" in the first sentence.

(c) In section 510(a), which relates to special authority, strike out "1962" in the first and second sentences and substitute "1963".

(d) In section 511(b), which relates to restrictions on military aid to Latin America, strike out "military assistance programs" and insert "grant programs of defense articles".

PART III

Chapter 1—General provisions

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) In section 606, which relates to patents and technlcal information, strike out subsection (c).

(b) In section 610, which relates to transfers between accounts, designate the present language as subsection (a) and add the following new subsection:

"(b) The authority contained in this section and in sections 451, 510, and 614 shall not be used to augment appropriations made available pursuant to sections 636(g)(1) and 637 or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses."

(c) In section 611(a), which relates to completion of plans and cost estimates, strike out "and II" and substitute ", II, and VI".

(d) Strike out section 618, which relates to economic assistance to Latin America, and substitute a new section 618 as follows:

"SEC. 618. USE OF SETTLEMENT RECEIPTS.—United States dollars directly paid to the United States under the Agreement Between the United States of America and Japan Regarding the Settlement of Postwar Economic Assistance to Japan may be appropriated or otherwise made available to the President in any appropriation Act, within the limitations of part I of this Act, to carry out the provisions of that part."

(e) Amend section 620, which relates to restrictions on assistance to certain countries, as follows:

(1) Amend subsection (c) to read as follows:

"(c) No assistance shall be provided under this Act to the government of any country which is indebted to any United States citizen for goods or servlces furnished or ordered where (i) such citizen has exhausted available legal remedles, which shall include arbitration, or (ii) the debt is not denied or contested by such government, or (iii) such indebtedness arises under an unconditlonal guaranty of payment given by such government, or any predecessor government, directly or indirectly, through any controlled entity: *Provided,* That the President does not find such action contrary to the national security."

(2) Add the following new subsections:

"(e) In any case in which the President determines that a nation or a political subdivision thereof has after January 1, 1962, (1) nationalized, expropriated, or otherwise seized the ownership or control of the property of United States citizens or entities referred to in section 221(b), or (2) imposed upon or enforced against such property or the owners thereof discriminatory taxes or other exactions, or restrictive maintenance or operational conditions not imposed or enforced with respect to property of a like nature owned or operated by its own nationals or the nationals of any government other than the Government of the United States, and has failed within six months following the taking of action in either of such categorles to take steps determined by the Presldent to be appropriate and adequate to remedy such slituation and to discharge its obligations under international law toward such citizens and entities, including the prompt payment in convertible foreign exchange to the owner or owners of such property so nationalized, expropriated, or otherwise seized, or to arrange, with the agreement of the parties concerned, for submitting the question in dlspute to arbitration or conciliation in accordance with procedures under which a final and binding decision or settlement will be reached and full payment or arrangements with the owners for such payment made within twelve months following such submission, the President shall suspend assistance under this Act to such nation until he is satisfied that appropriate steps are being taken and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

"(f) Assistance to India under this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, during the fiscal year 1963 shall not exceed the value of funds obligated or committed for such assistance during the fiscal year 1962.

"(g) No assistance shall be furnished under this Act and no commodities may be sold or given under the Agricultural Trade Development and Assistance Act of 1954, as amended, to any country known to be dominated by communism or Marxism. This restriction may not be waived pursuant to any authority contained in this Act.

"(h) Nothing contalned in subsection (g) shall be deemed to prohibit assistance under the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, if prior to furnishing such assistance the President finds (1) that a recipient country is not particlpating directly or indirectly in any policy or program for the Communist conquest of the world, and (2) that such recipient country is not controlled by any country promoting the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States, and (4) that the President notifies the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of his intention to furnish such assistance."

Chapter 2—Administrative provisions

SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

(a) In section 621, which relates to exercise of functions, delete "(a)" and strike out subsections (b), (c), (d), and (e).

(b) Amend section 624, which relates to statutory officers, by striking out subsection (d) and redesignating subsection (e) as subsection "(d)", inserting in paragraph 2(A) of redesignated subsection (d) ", and programs being conducted by United States Government agencies under Public Law 86-735," after "Peace Corps", and inserting in paragraphs (5) and (7) of redesignated subsection (d) ", and Public Law 86-735" after "part II of this Act".

(c) Amend sectlon 625, which relates to employment of personnel, as follows:

(1) In subsectlon (b) strike out "seventy-six" in the first sentence and substitute "one hundred and twenty-five".

(2) In subsection (d) add the following proviso before the period at the end of paragraph (2): ": *Provided further,* That, whenever the President determines lt to be important for the purposes of this Act, the President may initially assign personnel under this paragraph for duty within the United States for a period not to exceed one year pending assignment outside the United States."

(d) In section 629(b), which relates to status of personnel detailed, strike out "624(e)" in the first sentence and substitute "624(d)".

(e) In sectlon 634(a), which relates to reports and informatlon, insert the following before the period at the end of the second sentence: "and on progress under the freedom of navigation and nondiscriminatlon declaration contained in section 102".

(f) In section 635(h), which relates to general authorltles, strike out "and V" and substitute ", V, and VI" and strike out "made".

(g) Amend section 637, which relates to administrative expenses, as follows:

(1) In subsection (a) strike out "1962" and "$50,000,000" and substitute "1963" and "$55,000,000", respectively.

(2) In subsection (b) strike out "to the Secretary of State".

Chapter 3—Miscellaneous provisions

SEC. 303. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended as follows:

(a) Section 643, which relates to saving provisions, is amended by striking out subsection (d).

(b) Section 644(m), which relates to definitions, is amended by striking out "as grant assistance" in subparagraphs (2) and (3).

(c) Section 645, which relates to unexpended balances, is amended by inserting "this Act or" after "pursuant to".

PART IV—AMENDMENTS TO OTHER LAWS

SEC. 401. Part IV of the Foreign Assistance Act of 1961, as amended, is repealed, which repeal shall not be deemed to affect amendments contained in such part.

SEC. 402. Section 2 of the Act of August 1, 1956 (70 Stat. 890), as amended, is further amended by adding the following new paragraph:

"(b) For the purpose of promoting and maintaining friendly relations with foreign countries through the prompt settlement of certain claims, settle and pay any meritorious claim against the United States which is presented by a government of a foreign country for damage to or loss of real or personal property of, or personal injury to or death of, any national of such foreign country: *Provided,* That such claim is not cognizable under any other statute or international agreement of the United States and can be settled for not more than $15,000 or the foreign currency equivalent thereof."

SEC. 403. Section 102(a)(3) of the Mutual Educational and Cultural Exchange Act of 1961 (Public Law 87-256, approved September 21, 1961) is hereby amended by inserting the word "abroad" after the word "expositions". The amendment made by this section shall not be applicable with respect to any fair or exposition within the United States for which an appropriation has been provided.

SEC. 404. The first section of the Act authorizing participation in the Interparliamentary Union (22 U.S.C. 276) is amended to read as follows:

"An appropriation of $48,000 annually is authorized, $21,000 of which shall be for the annual contributions of the United States toward the maintenance of the Bureau of the Interparliamentary Union for the promotion of international arbitration; and $27,000, or so much thereof as may be necessary, to assist in meeting the expenses of the American group of the Interparliamentary Union for each fiscal year for which an appropriation is made, such appropriation to be disbursed on vouchers to be approved by the President and the executive secretary of the American group."

PART V—MIGRATION AND REFUGEE ASSISTANCE PROGRAMS

SEC. 501. This part may be cited as the "Migration and Refugee Assistance Act of 1962".

SEC. 502. (a) The President is hereby authorized to continue membership for the United States in the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of refugees and migrants and to enhance the economic progress of the developing countries by providing for a coordinated supply of selected manpower, there are hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee for the effectuation of its purposes, and all necessary salaries and expenses incident to United States participation in the Committee.

(b) There are hereby authorized to be appropriated such amounts as may be necessary from time to time—

(1) for contributions to the activities of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate or in behalf of whom he is exercising his good offices;

(2) for assistance to or in behalf of refugees designated by the President (by class, group, or designation of their respective countries of origin or areas of residence) when the President determines that such assistance will contribute to the defense, or to the security, or to the foreign policy interests of the United States;

(3) for assistance to or in behalf of refugees in the United States whenever the President shall determine that such assistance would be in the interest of the United States: *Provided,* That the term "refugees" as herein used means aliens who (A) because of persecution or fear of persecution on account of race, religion, or political opinion, fled from a country of the Western Hemisphere; (B) cannot return thereto because of fear of persecution on account of race, religion, or political opinion; and (C) are in urgent need of assistance for the essentials of life;

(4) for assistance to State or local public agencies providing services for substantial numbers of individuals who meet the requirements of paragraph (3) (other than clause (C) thereof) for (A) health services and educational services to such individuals, and (B) special training for employment and services related thereto;

(5) for transportation to, and resettlement in, other areas of the United States of individuals who meet the requirements of paragraph (3) (other than clause (C) thereof) and who, having regard for their income and other resources, need assistance in obtaining such service; and

(6) for establishment and maintenance of projects for employment or refresher professional training of individuals who meet the requirements of paragraph (3) (other than clause (C) thereof) and who, having regard for their income and resources, need such employment or need assistance in obtaining such retraining.

(c) Whenever the President determines it to be important to the national interest, not exceeding $10,000,000 in any fiscal year of the funds made available for use under the Foreign Assistance Act of 1961, as amended, may be transferred to, and consolidated with, funds made available for this part in order to meet unexpected urgent refuge and migration needs.

(d) The President shall keep the appropriate committees of Congress informed of the use of funds and the exercise of functions authorized in this part.

(e) Unexpended balances of funds made available under authority of the Mutual Security Act of 1954, as amended, and of the Foreign Assistance Act of 1961, as amended, and allocated or transferred for the purposes of sections 405(a), 405(c), 405(d), and 451(c) of the Mutual Security Act of 1954, as amended, are hereby authorized to be continued available for the purposes of this section and may be consolidated with appropriations authorized by this section. Funds appropriated for the purposes of this section shall remain available until expended.

SEC. 503. (a) In carrying out the purposes of this part, the President is authorized—

(1) to make loans, advances, and grants to, make and perform agreements and contracts with, or enter into other transactions with, any individual, corporation, or other body of persons, Government or Government agency, whether within or without the United States, and international and intergovernmental organizations; and

(2) to accept and use money, funds, property, and services of any kind made available by gift, devise, bequest, grant, or otherwise for such purposes.

(b) Whenever the President determines it to be in furtherance of the purposes of this part, the functions authorized under this part may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951 (65 Stat. 7), as amended) regulating the making, performance, amendment, or modification of contracts and the expenditure of funds of the United States Government as the President may specify.

SEC. 504. (a) The President is authorized to designate the head of any department or agency of the United States Government, or any official thereof who is required to be appointed by the President by and with the advice and consent of the Senate, to perform any functions conferred upon the President by this part. If the President shall so specify, any individual so designated under this subsection is authorized to redelegate to any of his subordinates any functions authorized to be performed by him under this subsection, except the function of exercising the waiver authority specified in section 503(b) of this part.

(b) The President may allocate or transfer to any agency of the United States Government any part of any funds available for carrying out the purposes of this part. Such funds shall be available for obligation and expenditure for the purposes for which authorized in accordance with authority granted in this part or under authority governing the activities of the agencies of the United States Government to which such funds are allocated or transferred. Funds allocated or transferred pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

SEC. 505. (a) Funds available for the purposes of this part shall be available for—

(1) compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purpose of this part, and without regard to the provisions of any other law, for printing and binding, and for expenditures outside the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of funds of the United States Government as may be necessary to accomplish the purposes of this part;

(2) employment or assignment of Foreign Service Reserve officers for the duration of operations under this part;

(3) exchange of funds without regard to section 3651 of the Revised Statutes (31 U.S.C. 543), and loss by exchange;

(4) expenses authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), not otherwise provided for;

(5) expenses authorized by the Act of August 1, 1956 (70 Stat. 890–892), as amended; and

(6) all other expenses determined by the President to be necessary to carry out the purposes of this part.

(b) Except as may be expressly provided to the contrary in this part, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law repealed by this part shall continue in full force and effect until modified, revoked. or superseded under the authority of this part.

SEC. 506. Subsections (a), (c), and (d) of section 405 of the Mutual Security Act of 1954, as amended, subsection (c) of section 451 of the said Act, and the last sentence of section 2(a) of the Act of July 14, 1960 (74 Stat. 504), are hereby repealed.

SEC. 507. Until the enactment of legislation appropriating funds for activities under this part, such activities may be conducted with funds made available under section 451 (a) of the Foreign Assistance Act of 1961, as amended.

Mr. MORGAN. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MORGAN: Strike out all after the enacting clause of the bill S. 2996 and insert in lieu thereof the provisions contained in H.R. 11921 as passed by the House, as follows: "That this Act may be cited as the 'Foreign Assistance Act of 1962'.

"PART I—ACT FOR INTERNATIONAL DEVELOPMENT OF 1961

"Chapter 1—Short Title and Policy

"SEC. 101. (a) The fifth paragraph of section 102 of the Foreign Assistance Act of 1961, as amended, containing a statement of policy, is amended by inserting in the fifth paragraph, immediately after 'religion.', the following: 'The Congress further declares that any attempt by foreign nations to make distinctions between American citizens because of race, color, or religion in the granting of personal or commercial access or in the exercise of any other rights available to American citizens, or the use by any foreign nation of assistance made available by the United States to carry out any program or activity of such nation in the course of which discrimination is practiced against any citizen of the United States by reason of his race, color, or religion is repugnant to our principles; and in all negotiations with any foreign nation with respect to any funds appropriated under authority of this Act, these principles shall be applied. The Secretary of State shall report annually on the measures taken to apply the prinicpies stated above.'

"(b) Such section is further amended by inserting after the seventh paragraph the following:

" 'It is the sense of Congress that in the administration of these funds great atten-

tion and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military or propaganda efforts, supported by the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this Act.'

"The Congress further declares that in the administration of programs of assistance under this Act, the highest practicable emphasis should be given to: programs providing for loans or loan guarantees for use by institutions and organizations in making repayable low-interest rate loans to individuals in friendly foreign countries for the purchase of small farms, the purchase of homes, the establishment, equipment and strengthening of small independent business concerns, purchase of tools or equipment needed by individuals for carrying on an occupation or a trade, or financing the opportunity for individuals to obtain practical education in vocational and occupational skills, and to those programs of technical assistance and development which will assist in carrying out and in preparing a favorable environment for such programs. While recognizing that special requirements, differing development needs and political conditions in various assisted countries will affect the priority of such programs and of each country's relative ability to implement them, it is further the sense of Congress that each such assisted country should be encouraged to give adequate recognition to such needs of the people in the preparation of national development programs.

"Chapter 2—Development assistance

"Title I—Development Loan Fund

"SEC. 102. Section 201 of the Foreign Assistance Act of 1961, as amended, which relates to general authority with respect to development loans, is amended by adding at the end thereof the following:

" '(e) In carrying out this title, the President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of $50,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans.'

"Title II—Development Grants and Technical Cooperation

"SEC. 102. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

"(a) In section 211, which relates to general authority, add a new subsection (c) as follows:

" '(c) Not to exceed $1,000,000 of the funds made available for the purposes of this section in any fiscal year may be used for programs designed to promote the peaceful uses of atomic energy outside the United States and such programs may be carried out only in accordance with the requirements of this section.'

"(b) In section 212, which relates to authorization, strike out '1962' and '$380,000,000' and substitute '1963' and '$300,000,000', respectively.

"(c) Strike out section 213, which relates to atoms for peace.

"Title III—Investment Guaranties

"SEC. 103. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

"(a) Amend section 221(b), which relates to general authority, as follows:

"(1) In paragraph (1) strike out '$1,000,000,000' in the proviso and substitute '$1,300,000,000'.

"(2) In paragraph (2) strike out 'of not to exceed 75 per centum of any investment' and substitute 'in whole or in part of any loan investment for housing projects or assuring against loss of not to exceed 75 per centum of any other investment,', and strike out '$90,000,000' in the third proviso and substitute '$180,000,000'.

"(b) Amend section 222, which relates to general provisions, as follows:

"(1) In subsection (d) insert ', and out of funds made available pursuant to this title' before the period.

"(2) Add the following new subsection (f):

" '(f) There is hereby authorized to be appropriated to the President such amounts, to remain available until expended, as may be necessary from time to time to carry out the purposes of this title.'

"(c) Amend section 224, which relates to housing projects in Latin American countries, as follows:

"(1) In subsection (b) strike out '$10,000,000' in the second sentence and substitute '$60,000,000'.

"(2) In subsection (c) strike out 'and (e)' and substitute '(e), and (f)'.

"Title IV—Surveys of Investment Opportunities

"SEC. 104. Section 232 of the Foreign Assistance Act of 1961, as amended, which relates to surveys of investment opportunities, is amended by striking out '1962' and '$5,000,000' and substituting '1963' and '$1,500,000', respectively.

"Alliance for Progress

"SEC. 105. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development assistance, is amended by adding at the end a new title VI, as follows:

" 'Title VI—Alliance for Progress

" 'SEC. 251. GENERAL AUTHORITY.—(a) It is the sense of the Congress that the historic, economic, political, and geographic relationships among the American peoples and Republics are unique and of special significance and that the Alliance for Progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relationships among them. It is further the sense of Congress that vigorous measures by the countries and areas of Latin America to mobilize their own resources for economic development and to adopt reform measures to spread the benefits of economic progress among the people are essential to the success of the Alliance for Progress and to continued significant United States assistance thereunder. The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

" '(b) Assistance furnished under this title shall be directed toward the development of human as well as economic resources. In furnishing assistance under this title, the President shall take into account (1) the principles of the Act of Bogotá and the Charter of Punta del Este and, in particular, the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives; and (4) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved. In making loans under this title from funds which are required to be used for loans payable as to principal and interest in United States dollars, the President shall take into account, in addition to the considerations named in the preceding sentence, whether financing could be obtained in whole or in part from other free world sources on reasonable terms. The provisions of sections 201(d), 202(b), 202(c), and 204 shall be applicable to such loans, and they shall be made only upon a finding of reasonable prospects of repayment.

" '(c) The authority of section 614(a) may not be used to waive the requirements of this title with respect to funds made available for this title which are required to be used for loans payable as to principal and interest in United States dollars, and the authority of section 610 may be used to transfer such funds only to funds made available for title I of chapter 2 of part I.

" '(d) In order to carry out the policies of this Act and the purpose of this title, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to insuring a wider and more equitable distribution of the ownership of land.

" '(e) The President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of $50,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans.

" 'SEC. 252. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, for use beginning in each of the fiscal years 1963 through 1966, not to exceed $600,000,000 for each such fiscal year which sums are authorized to remain available until expended and which, except for not to exceed $100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1963, shall be available only for loans payable as to principal and interest in United States dollars. In presenting requests to the Congress for authorizations for appropriations for fiscal years 1964 through 1966 to carry out other programs under this Act, the President shall also present the program proposed to be carried out from funds appropriated pursuant to the authorization contained in this section for the respective fiscal year.

" 'SEC. 253. FISCAL PROVISIONS.—All receipts in United States dollars from loans made under this title and from loans made for the benefit of countries and areas of Latin America under title I of chapter 2 of part I of this Act, notwithstanding section 203, shall be available for use for loans payable as to principal and interest in United States dollars in furtherance of the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.'

"Chapter 3—International organizations and programs

"SEC. 106. (a) Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out '1962' and '$153,500,000' and substituting '1963' and '$148,900,000', respectively.

"(b) Such section 302 is further amended by adding at the end thereof the following: 'None of the funds appropriated pursuant to this section or any other law shall be used for the purpose of making any loans or grants to the United Nations (except for payment by the United States of its assessed share of the expenses of that Organization), or for the purchase of any bonds or other certificates of indebtedness of the United Nations, until such time as all members of the United Nations have paid in full their share of the expenses of that Organization, including their share of the expenses of United Nations operations in the Congo and the Gaza strip.'

"Chapter 4—Supporting assistance

"SEC. 107. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out '1962' and '$465,000,000' and substituting '1963' and '$440,000,000', respectively.

"Chapter 5—Contingency fund

"SEC. 108. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended as follows:

"(a) Amend subsection (a) by striking out '1962' and '$300,000,000' and substituting '1963' and '$275,000,000', respectively.

"(b) Amend subsection (b) by striking out 'keep' and substituting 'provide quarterly reports to' and by striking out 'currently informed of the use' and substituting 'on the programing and the obligation'.

"Chapter 6—Assistance to agrarian economies

"SEC. 109. Section 461 of the Foreign Assistance Act of 1961, as amended, which relates to assistance to countries having agrarian economies, is amended by adding at the end thereof the following: 'In such country emphasis shall be placed also upon programs of community development which will promote stable and responsible governmental institutions at the local level.'

"PART II—INTERNATIONAL PEACE AND SECURITY ACT OF 1961

"Chapter 2—Military assistance

"SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance is amended as follows:

"(a) In section 506, which relates to conditions of eligibility, add the following new subsection:

"'(c) Any country which hereafter uses defense articles or defense services furnished such country under this Act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance Act where such use is in violation of the provisions of this chapter or any agreements entered into pursuant to any of such Acts shall be immediately incligible for further assistance.'

"(b) In section 507(a), which relates to sales, insert 'not less than' before 'the value' in the first sentence.

"(c) In section 507(b), add a new sentence to read as follows: 'No sales of unclassified defense articles shall be made to the government of any economically developed nation under the provisions of this subsection unless such articles are not generally available for purchase by such nations from commercial sources in the United States: *Provided, however,* That the Secretary of Defense may waive the provisions of this sentence when he determines that the waiver of such provisions is in the national interest.'

"(d) In section 510(a), which relates to special authority, strike out '1962' in the first and second sentences and substitute '1963'.

"PART III

"Chapter 1—General provisions

"SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

"(a) In section 611(a), which relates to completion of plans and cost estimates, strike out 'and II' and substitute ', II, and VI'.

"(b) Strike out section 618, which relates to economic assistance to Latin America, and substitute a new section 618 as follows:

"'SEC. 618. USE OF SETTLEMENT RECEIPTS.—United States dollars directly paid to the United States under the Agreement Between the United States of America and Japan Regarding the Settlement of Postwar Economic Assistance to Japan may be appropriated or otherwise made available to the President in any appropriation Act, within the limitations of part I of this Act, to carry out the provisions of that part.'

"(c) In section 620(a), which relates to prohibitions against furnishing assistance to Cuba, amend the first sentence to read as follows: 'No assistance shall be furnished under this Act to the present government of Cuba, or to any country which furnishes assistance to the present government of Cuba unless the President determines that such assistance is in the national and hemispheric interest of the United States.'

"(d) In section 620(c), which relates to prohibitions against furnishing assistance to governments indebted to American citizens, insert 'or ordered' after 'furnished', insert 'either' after 'remedies and', and immediately before the period at the end thereof insert 'or indebtedness arises under an unconditional guaranty of payment given by such government or any predecessor government'.

"(e) In section 620, which relates to restrictions on assistance to certain countries, add the following new subsection:

"'(e) The President shall suspend assistance to the government of any country to which assistance is provided under this Act when the government of such country or any governmental agency or subdivision within such country on or after January 1, 1962—

"'(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

"'(2) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency or government subdivision fails within a reasonable time (not more than six months after such action or after the date of enactment of this subsection, whichever is later) to take appropriate steps to discharge its obligations toward such citizen or entity, including equitable and speedy compensation for such property in convertible foreign exchange, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be, and such suspension shall continue until he is satisfied that appropriate steps are being taken and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

"'(f) No assistance shall be furnished under this Act, as amended, to any Communist country. This restriction may not be waived pursuant to any authority contained in this Act unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international communism. For the purposes of this subsection, the phrase "Communist country" shall include specifically, but not be limited to, the following countries:

"'People Republic of Albania,
"'Peoples Republic of Bulgaria,
"'Peoples Republic of China,
"'Czechoslovak Socialist Republic.
"'German Democratic Republic (East Germany),
"'Estonia,
"'Hungarian Peoples Republic,
"'Latvia.
"'Lithuania.
"'North Korean Peoples Republic.
"'North Vietnam,
"'Outer Mongolia-Mongolian Peoples Republic,
"'Polish Peoples Republic,
"'Rumanian Peoples Republic,
"'Tibet,
"'Federal Peoples Republic of Yugoslavia,
"'Cuba, and
"'Union of Soviet Socialist Republics.

"'(g) Notwithstanding any other provision of law, no monetary assistance shall be made available under this Act to any government or political subdivision or agency of such government which will be used to compensate owners for expropriated or nationalized property and, upon finding by the Administrator that such funds have been diverted by any government for such purpose, no further assistance under this Act shall be furnished to such government until appropriate reimbursement is made to the United States for sums so diverted.

"'(h) The President shall adopt regulations and establish procedures to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries.'

"Chapter 2—Administrative provisions

"SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

"(a) In section 621, which relates to exercise of functions, delete '(a)' and strike out subsections (b), (c), (d), and (e).

"(b) Amend section 624, which relates to statutory officers, by striking out subsection (d) and redesignating subsection (e) as subsection '(d)', inserting in paragraph 2(A) of redesignated subsection (d) ', and programs being conducted by United States Government agencies under Public Law 86–735,' after 'Peace Corps', and inserting in paragraphs (5) and (7) of redesignated subsection (d) ', and Public Law 86–735' after 'part II of this Act'.

"(c) Amend section 625, which relates to employment of personnel, as follows:

"(1) In subsection (b) strike out 'seventy-six' in the first sentence and substitute 'one hundred'.

"(2) In subsection (d) add the following proviso before the period at the end of paragraph (2): ': *Provided further,* That, whenever the President determines it to be important for the purposes of this Act, the President may initially assign personnel under this paragraph for duty within the United States for a period not to exceed two years for the purpose of preparation for assignment outside the United States; however, the authority contained in this proviso may not be exercised with respect to more than thirty persons in the aggregate.'

"(3) Amend subsection (f) to read as follows:

"'(f) Funds provided for in agreements with foreign countries for the furnishing of

services under this Act with respect to specific projects shall be deemed to be obligated for the services of personnel employed by agencies of the United States Government (other than the agencies primarily responsible for administering Part I or Part II of this Act) as well as personnel not employed by the United States Government.'

"(d) In section 629(b), which relates to status of personnel detailed, strike out '624(e)' in the first sentence and substitute '624(d)'.

"(e) In section 634(a), which relates to reports and information, insert the following before the period at the end of the second sentence: 'and on progress under the freedom of navigation and nondiscrimination declaration contained in section 102'.

"(f)(1) In section 634(d), which relates to reports and information, strike out 'In January of each year' and 'preceding twelve months' in the first sentence and substitute 'At the end of each fiscal year' and 'fiscal year' respectively.

"(2) After the first sentence of such section 634(d) insert the following: 'There shall also be included in the presentation material submitted to the Congress during its consideration of amendments to this Act, or of any Act appropriating funds pursuant to authorizations contained in this Act, a comparison of the current fiscal year programs and activities with those presented to the Congress in the previous year and an explanation of any changes.'

"(g) In section 635(h), which relates to general authorities, strike out 'and V' and substitute ', V, and VI' and strike out 'made'.

"(h) In section 637(a), which relates to administrative expenses, strike out '1962' and substitute '1963'.

"Chapter 3—Miscellaneous provisions

"SEC. 303. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended as follows:

"(a) Section 643, which relates to saving provisions, is amended by striking out subsection (d).

"(b) Section 644(m), which relates to definitions, is amended by striking out 'as grant assistance' in subparagraphs (2) and (3).

"(c) Section 645, which relates to unexpended balances, is amended by inserting 'this Act or' after 'pursuant to'.

"PART IV—AMENDMENTS TO OTHER LAWS

"SEC. 401. Part IV of the Foreign Assistance Act of 1961, as amended, is repealed, which repeal shall not be deemed to affect amendments contained in such part.

"SEC. 402. Section 2 of the Act of August 1, 1956 (70 Stat. 890), as amended, is further amended by adding after paragraph (a) the following new paragraph:

"'(b) for the purpose of promoting and maintaining friendly relations with foreign countries through the prompt settlement of certain claims, settle and pay any meritorious claim against the United States which is presented by a government of a foreign country for damage to or loss of real or personal property of, or personal injury to or death of, any national of such foreign country: *Provided*, That such claim is not cognizable under any other statute or international agreement of the United States and can be settled for not more than $15,000 or the foreign currency equivalent thereof.'"

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 11921) was laid on the table.

Mr. MORGAN. Mr. Speaker, I move that the House insist on its amendment to the bill S. 2996, and request a conference with the Senate.

The motion was agreed to.

The Speaker appointed the following conferees: Mr. MORGAN, Mr. ZABLOCKI, Mr. HAYS, Mrs. BOLTON, and Mr. JUDD.

GENERAL LEAVE TO EXTEND REMARKS

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. McGown, one of its clerks, announced that the Senate disagrees to the amendment of the House to the bill (S. 1658) entitled "An act to amend the act of January 2, 1951, prohibiting the transportation of gambling devices in interstate and foreign commerce," agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. EASTLAND, Mr. KEFAUVER, Mr. JOHNSTON, Mr. DIRKSEN, and Mr. HRUSKA to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 6682) entitled "An act to provide for the exemption of fowling nets from duty," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BYRD of Virginia, Mr. KERR, Mr. LONG of Louisiana, Mr. WILLIAMS of Delaware, and Mr. CARLSON to be the conferees on the part of the Senate.

AMENDMENT OF SMALL BUSINESS ACT

Mr. PATMAN submitted the following conference report and statement on the bill (S. 2970) to amend the Small Business Act.

CONFERENCE REPORT (H. REPT. No. 1974)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2970) to amend the Small Business Act, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That (a) subsection (c) of section 4 of the Small Business Act is amended to read as follows:

"'(c) There is hereby established in the Treasury a revolving fund, referred to in this section as "the fund", for the Administration's use in financing the functions performed under sections 7(a), 7(b), and 8(a) and under the Small Business Investment Act of 1958, including the payment of administrative expenses in connection with such functions. All repayments of loans and debentures, payments of interest, and other receipts arising out of transactions financed from the fund shall be paid into the fund. As capital thereof, appropriations not to exceed $1,666,000,000 are hereby authorized to be made to the fund, which appropriations shall remain available until expended. Not to exceed an aggregate of $1,323,000,000 shall be outstanding at any one time for the purposes enumerated in the following sections of this Act: 7(a) (relating to regular business loans), 7(b) (relating to disaster loans), and 8(a) (relating to prime contract authority): *Provided*, That the Administration shall report promptly to the Committees on Appropriations and the Committees on Banking and Currency of the Senate and House of Representatives whenever (1) the aggregate amount outstanding for the purposes enumerated in sections 7(a) and 8(a) exceeds $1,222,000,000, or (2) the aggregate amount outstanding for the purpose enumerated in section 7(b) exceeds $103,000,000. Not to exceed an aggregate of $341,000,000 shall be outstanding from the fund at any one time for the exercise of the functions of the Administration under the Small Business Investment Act of 1958. The Administration shall pay into miscellaneous receipts of the Treasury, following the close of each fiscal year, interest on the outstanding cash disbursements from the fund, at rates determined by the Secretary of the Treasury, taking into consideration the current average yields on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities as calculated for the month of June preceding such fiscal year.'

"(b) It is the sense of the Congress that the regular business loan program of the Small Business Administration should be reviewed by the Congress at least once every two years. It is further the sense of the Congress that the Small Business Administration should submit its estimated needs for additional authorization for such program to the Congress at least one year in advance of the date on which such authorization is to be provided, in order to assure an orderly and recurring review of such program and to avoid emergency appeals for additional authorization. Compliance by the Small Business Administration with the foregoing policy will enable the Congress hereafter to provide additional authorization for such program on a two-year basis.

"SEC. 2. (a) The Small Business Administration is empowered to make loans (either directly or in cooperation with banks or other lenders through agreements to participate on an immediate or deferred basis) to assist any firm to adjust to changed economic conditions resulting from increased competition from imported articles, but only if (1) an adjustment proposal of such firm has been certified by the Secretary of Commerce pursuant to the Trade Expansion Act of 1962, (2) the Secretary has referred such proposal to the Administration under that Act and the loan would provide part or all of the financial assistance necessary to carry out such proposal, and (3) the Secretary's certification is in force at the time the Administration makes the loan.

"(b) The Small Business Administration's authority to make loans under this section shall be in addition to and separate from its authority to make loans under the Small Business Act. With respect to loans made under this section the Administration shall apply the provisions of sections 314, 315, 316, 318, 319, and 320 of the Trade Expansion Act of 1962 as though such loans had been made under section 314 of that Act.

"(c) There are hereby authorized to be appropriated, without fiscal year limitation, such sums as may be necessary to carry out this section.

"(d) This section shall take effect on such date (on or after the enactment of the Trade

Expansion Act of 1962) as the President may specify in a proclamation duly published in the Federal Register but in no case later than 60 days after the date of the enactment of such Act."

And the House agree to the same.

WRIGHT PATMAN,
ALBERT RAINS,
ABRAHAM J. MULTER,
W. A. BARRETT,
Managers on the Part of the House.

WILLIAM PROXMIRE,
A. WILLIS ROBERTSON,
JOHN SPARKMAN,
PAUL H. DOUGLAS,
EDWARD V. LONG,
MAURINE NEUBERGER,
J. GLENN BEALL,
J. K. JAVITS,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2970) to amend the Small Business Act, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the Senate bill and the House amendment. Except for technical, clarifying and conforming changes, the following statement explains the differences between the House amendment and the substitute agreed to in conference.

REVOLVING FUND AUTHORITY

The Senate bill amended section 4(c) of the Small Business Act to increase the total amount authorized for the SBA revolving fund from $1,200,000,000 to $1,450,000,000. The portion which could be outstanding at any one time for regular business loans and prime contract authority (presently $725,000,000) was consolidated with the portion which could be outstanding for disaster loans (presently $150,000,000) and the combined total was increased to $1,109,000,000. The portion which could be outstanding at any one time for functions under the Small Business Investment Act of 1958 was increased from $325,000,000 to $341,000,000.

The corresponding provision of the House amendment amended section 4(c) of the Small Business Act to increase the total amount authorized for the SBA revolving fund to $1,935,000,000, of which $1,434,000,000 was set aside for regular business loans and prime contract authority, $160,000,000 was set aside for disaster loans, and $341,000,000 was set aside for functions under the Small Business Investment Act of 1958.

The conference substitute increases the total amount authorized for the SBA revolving fund to $1,666,000,000, with $1,325,000,000 being set aside (on a combined basis, as in the Senate bill) for regular business loans, prime contract authority, and disaster loans, and $341,000,000 being set aside for functions under the Small Business Investment Act of 1958. The combined increased authorization under the conference substitute is intended to meet estimated needs for a 2-year period (fiscal 1963 and 1964) as contrasted with the 1-year period contemplated by the Senate bill and the 4-year period contemplated by the House amendment.

The agreement of the conferees upon this increased authorization was predicated upon their belief that SBA's business loan program should be reviewed at least every two years. In order to assure adequate time for consideration, the estimated business loan program needs for SBA for an additional two years should be submitted to the new Congress when it convenes in January 1963, and this process then should be repeated as necessary every two years as each new Congress convenes, in order to provide for an orderly and recurring review of this program by the Congress and to avoid emergency appeals by SBA for additional authorization. The conference substitute includes a provision expressing the sense of the Congress to this effect.

The Senate bill required that SBA report promptly to the Appropriations and Banking and Currency Committees of the Senate and House whenever the aggregate amount outstanding from the revolving fund for regular business loans and prime contract authority exceeds $1,012,200,000 or the aggregate amount outstanding for disaster loans exceeds $96,800,000, in order to ensure that a disproportionate part of the pooled funds is not used for any one of the specified purposes. The House amendment (since it did not provide for pooling of funds) contained no corresponding requirement. The conference substitute follows the Senate bill, appropriately modifying the dollar amounts involved in order to reflect the conference agreement upon a 2-year authorization (discussed above).

LOANS TO IMPORT-INJURED FIRMS

The House amendment added to the Senate bill a new provision (sec. 2) which would empower the Small Business Administration to make loans to firms injured by imports, where the Secretary of Commerce (1) makes an appropriate certification pursuant to the Trade Expansion Act of 1962 (if enacted), and (2) requests that SBA furnish financial assistance, provided the Secretary's certification is in force at the time the Administration makes the loan.

The conference substitute follows the House amendment with amendments designed to indicate clearly that this provision does not take away from the Secretary of Commerce any of the authority given him under the provisions of the Trade Expansion Act or limit such authority in any way. The new section 2 would have the effect of making SBA a qualified agency for Trade Expansion Act purposes in certain respects in which its existing authority is deficient.

As amended by the conference substitute section 2 would make applicable to the new SBA loan program several sections of the Trade Expansion Act which cover the interest rate, maturity, standards, and various administrative provisions which would be applied to such loans. The House amendment would have incorporated by reference the provisions of the Small Business Act which relate to certain loan terms, standards, and other administrative provisions. The conferees agreed that the use of the applicable Trade Expansion Act provisions relating to standards and terms for these loans would promote desirable uniformity in the administration of the program as contemplated by the Trade Expansion Act.

The conferees wish to state emphatically that in agreeing to this section, as amended in conference, it is not their intention that the Secretary of Commerce must refer all adjustment proposals to the Small Business Administration. The Secretary, of course, has the sole authority to determine which proposals shall be referred to the Small Business Administration. The conferees wish to state also that in those cases where the SBA declines to grant financial assistance in whole or in part, the Secretary of Commerce will be able and should exercise his residual lending authority under the Trade Expansion Act if he determines that such assistance is necessary to carry out the adjustment proposal and it is not their intention that this section will change his residual authority in any way. It is recognized that there may be cases in which SBA will decline to render financial assistance which the Secretary of Commerce deems necessary for the effective carrying out of an import-injured firm's adjustment assistance proposal, and that the Secretary's residual authority will be used in such cases.

The conferees added to section 2 a new subsection (d) which provides that the section will take effect on such date (on or after the enactment of the Trade Expansion Act) as the President may specify in a proclamation duly published in the Federal Register but in no case later than 60 days after the enactment of the Trade Expansion Act.

WRIGHT PATMAN,
ALBERT RAINS,
ABRAHAM J. MULTER,
W. A. BARRETT,
Managers on the Part of the House.

MEDAL OF HONOR

(Mr. ALBERT asked and was given permission to address the House for one minute, and to revise and extend his remarks.)

Mr. ALBERT. Mr. Speaker, I wish to call the attention of the House to the fact that on this date, a century ago, President Abraham Lincoln signed the congressional resolution which provided that Medals of Honor be presented to those soldiers who had most distinguished themselves by gallantry in action. The U.S. Army, I am happy to report, is celebrating this centennial with appropriate ceremonies throughout the world.

Through the years, the Medal of Honor has come to represent devotion to the Nation above and beyond the normal call of duty. Behind every Medal of Honor, whether worn proudly by its winner, or whether encased in black velvet and cherished by a bereaved but proud family, there is a heroic tale. It is a tale of fearlessness in the face of death and utter disregard of life in the fulfillment of deeply felt responsibility. The citations accompanying each medal awarded read differently, but each tells a story of transcendent valor.

We have reason to be grateful, Mr. Speaker, to our far-sighted predecessors in the 37th Congress who authorized this medal. For they well understood that the Nation's highest award for bravery ought to come from all the people and that it should be awarded in the name of their elected representatives.

The resolution authorizing the Medal of Honor was in keeping with an ancient and noble tradition. Since time immemorial, men have felt the need for tangible symbols which articulate their most sublime ideals, beliefs, and emotions. In biblical times, we recall, David's army carried into battle the Ark of the Covenant, the most sacred possession of the Chosen people. The mighty legions of Imperial Rome, historians tell us, defended their standards—the Eagles—to the death. Plumed Crusaders rallied to the crests and pennants of those to whom they had sworn allegiance. And in our own Revolution, we know how our patriot forebears defended crude home-made battle flags with unflinching spirit and tenacity.

So it is, Mr. Speaker, that material objects—often meaningless in themselves—are invested with the traditions and aspirations of nations, thereby tak-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For information only; should not be quoted or cited)

Issued July 16, 1962
For actions of July 13, 1962
87th-2d, No. 119

CONTENTS

Adjournment.....14,19	Foreign aid.....3,22	Pesticides.....9
Animal feed.....27	Foreign trade.....17,21	Public lands.....8
Appropriations.....7	Fruit exports.....12	Public Law 480.....16
Contracts.....24	Hanford project.....25	Quality stabilization...23
Cotton.....2	Health.....5	Reclamation.....8
Economic advisers.....6	Honeybees.....15	Recreation.....26
Education.....11	Land-grant colleges.....11	Small business.....4
Electrification.....8,25	Legislative program.....18	Sugar.....15,18
Farm bill.....16,18	Nomination.....6	Transportation.....20
Food shortage.....10	Packaging.....13	Wheat referendum.....1

HIGHLIGHTS: Senate passed measure extending time for wheat referendum until Aug. 31. Senate passed bill to dispose of extra long staple cotton. House Rules Committee cleared honey-bee imports bill for debate on Senate sugar amendment after request for immediate consideration had been objected to. Sen. Proxmire expressed concern about pesticide use. Sen. Lausche reported on food shortage in Communist countries. Sen. Engle discussed possible Common Market effect on fruit exports. Rules Committee granted open rule on Public Law 480 provision of farm bill.

SENATE

1. WHEAT REFERENDUM. Passed without amendment H. J. Res. 809, to extend until Aug. 31 the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning July 1, 1963. This measure will now be sent to the President. p. 12634

2. COTTON. Passed without amendment H. R. 10595, which provides for transfer to CCC and disposition of extra long staple cotton now held in the national strategic stockpile. This bill will now be sent to the President. pp. 12634-5

3. FOREIGN AID. Senate conferees were appointed on S. 2996, the foreign-aid authorization bill. House conferees have been appointed. pp. 12631-4

4. SMALL BUSINESS. Agreed to the conference report on S. 2970, to increase the revolving fund under the Small Business Act for disaster and business loans.

The conference report was agreed to by the House earlier in the day. This bill will now be sent to the President. pp. 12668-71, 12573-8

5. HEALTH. Continued debate on H. R. 10606, to extend and improve the public assistance and child welfare services programs of the Social Security Act. pp. 12626-7, 12635-46, 12648-668, 12671-78

6. NOMINATION. Received the nomination of N. Gardner Ackley to be a member of the Council of Economic Advisers. p. 12678

7. APPROPRIATIONS. The Daily Digest states: "Special committees of the Senate and House Committees on Appropriations met jointly in executive session to discuss procedures for the consideration of appropriation measures, but made no announcements, and will meet again on Monday, July 16." p. D584

8. PUBLIC LANDS; RECLAMATION; ELECTRIFICATION. The Interior and Insular Affairs Committee voted to report (but did not actually report) S. 284, to authorize the Fryingpan-Arkansas reclamation project; S. 594, to authorize the Crater-Long Lakes division of the Snettisham project, Alaska; S. 3153, providing that electric consumers in the Pacific Northwest have first call on electric energy generated at certain Federal plants; S. 1192, repealing the prohibition in the Mineral Leasing Act against railroads' holding Federal coal leases for other than railroad purposes; and S. Res. 361, authorizing a study of the disposition of revenues from natural resources from Federal lands. p. D584

9. PESTICIDES. Sen. Proxmire expressed concern about the heavier use of pesticides and inserted an editorial calling attention to Rachel Carson's warning. pp. 12604-5

10. FOOD SHORTAGE. Sen. Lausche called attention to the food shortage in Communist countries as reported in an article by Joseph Alsop which he inserted. pp. 12608-9

11. LAND-GRANT COLLEGES. Sen. Church inserted an article by Rafe Gibbs in commemoration of the 100th anniversary of establishment of the land-grant colleges. pp. 12622-3

12. FRUIT EXPORTS. Sen. Engle expressed concern about the possible effect of the European Common Market on the exportation of fruit from this country. He inserted letters to the State Department from a group of Senators regarding this matter. pp. 12623-4

13. PACKAGING. Sen. Dirksen discussed the possibility of additional legislation regarding packaging of consumer goods and inserted articles suggesting more industry participation in this matter. pp. 2630-1

14. ADJOURNED until Mon., July 16. p. 12678

HOUSE

15. HONEY-BEE AND SUGAR IMPORTS. Rep. Cooley asked unanimous consent to concur in the Senate's sugar amendment to H. R. 8050, to amend the act relating to importation of adult honey bees, but the request was objected to. The Rules Committee then reported a resolution to make the action in order. pp. 12569-71, 12576, 12600

"Members of the Packaging Institute are urged to reexamine all their packages carefully to insure that graphic design, copy message, and physical construction clearly and honestly represent the product in the package. It is recognized that individual products and product industries may have special problems. The Packaging Institute stands ready to serve as a coordinator if called upon."

An immediate problem arises, however, in the reply made by the president of American Management Association. This group, sponsor of the national packaging exposition, was suggested by many respondents as an excellent source to look to for leadership. Yet the AMA spokesman says, "American Management Association, by charter and bylaws, has been prohibited from any participation of any kind in any lobbying, legislative activity, or propaganda. This is probably the most rigid policy AMA has and one which, to my knowledge, we have never violated." Apparently, then, AMA would not be able to participate as an organization.

Other replies included:

Modern Foods Council: Formation of an industry panel would be a most effective means of helping governmental administrative agencies and Congress prepare legislation. Any legislation drafted must be based on the best available information, and a panel selected from key industry segments—packagers, designers, machinery manufacturers—is good commonsense.

National Paper Box Manufacturers Association: Although the converters should be represented, users organized through Packaging Institute and the AMA Packaging Division should more or less control the decisions and recommendations that could be made to legislators. * * * This panel would appoint a responsible committee to consult with Government officials and offer to cooperate with them in any necessary revision of the laws, but on the other hand push for some form of policing by the industry in lieu of new laws.

Folding Paper Box Association of America: There should be an industry panel, if for no other reason than to protect ourselves. Supplier industries are servants of the industries packaging products for sale. Thusly our function should be advisory, rather than determinative.

National Flexible Packaging Association: Since the responsibility for the package rests with the packer first and secondly with the retailer, groups representing both should be encouraged to get together to develop voluntary codes which will better provide consumers with pertinent facts before buying. Packaging suppliers should participate only in an advisory capacity.

Packaging Machinery Manufacturers Institute: Packaging machinery manufacturers are about one step removed from this whole situation, and it is our opinion that if an industry panel is in order such a panel should come from specific sections of the packaging industries rather than from ours. Our members would be delighted to do anything they can to assist the actual packagers in connection with this problem.

Association of Industrial Advertisers: We would like to see a prominent user as chairman of the panel, indicating industry's strong interest and willingness to do its part but, of course, many of the members would probably be from the fields of the designer, the machinery manufacturer, and even the agency.

The association executives were also asked just what such a panel should do; how strong it should be; whether it should lobby; whether it should inform.

JUST INFORMATION

The consensus of the respondents is well represented by the reply of the Package Designers Council spokesman: "This panel should conduct a public information program to inform the consumer of the efforts being made, to create an awareness that industry is honest, and thereby counteract some of the misinformation that came out of the newspaper reports of the Senate hearings. And this effort should begin quickly—the quicker the better.

"The group should not be a lobbying organization at all—if lobbying is necessary it should be outside the framework of this industry panel. There should be nothing to detract from the image of this panel as a helpful, knowledgeable group of experts whose sole purpose is to assist in legislation evaluation and standards of control."

The overwhelming consensus of the association executives interviewed—each within his own sphere of interest—is that such a panel would be useful and is needed. Such being the case, it seems only logical to take the next step and begin establishment of the panel. As an initial step, the editors of Packaging volunteer to serve as a clearinghouse and central address until something more permanent can be established. If you agree that such a panel should be formed, if you are interested in serving on it or cooperating in it, write the editors, Packaging, 6 North Michigan Avenue, Chicago, Ill.

AN EDITORIAL

It is the editorial opinion of this magazine that, since legislation on packaging and labeling practices will certainly be written, packagers should be heard more extensively than to date. They should, further, be in a position to advise on legislation and on standards of control.

It is also the editorial opinion of this magazine that packaging legislation, when written, should be written vertically. That is, legislation should be different for frozen foods than for snack foods, since the packaging problems in these two industries are so different.

Finally, it is the editorial opinion of this magazine that an industrywide panel should be created. The executive committee of this panel should consist of three permanent members—one representing management interests, one representing technical and production interests, and one representing graphic design. This permanent membership should be supplemented by representatives of the industry or industries being considered for legislation at any given time, plus the packaging suppliers to these industries.

Without such a panel, in the opinion of this magazine, positive and helpful legislation cannot be written. Indeed, it is distinctly possible that without such a panel such legislation as written might be extremely detrimental to our American consumer marketing system and to our free enterprise economy.

FURTHER AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961 as amended, and for other purposes, which was to strike out all after the enacting clause and insert:

That this Act may be cited as the "Foreign Assistance Act of 1962".

PART I—ACT FOR INTERNATIONAL DEVELOPMENT OF 1961

Chapter 1—Short title and policy

SEC. 101. (a) The fifth paragraph of section 102 of the Foreign Assistance Act of 1961, as amended, containing a statement of policy, is amended by inserting in the fifth paragraph, immediately after "religion.", the following: "The Congress further declares that any attempt by foreign nations to make distinctions between American citizens because of race, color, or religion in the granting of personal or commercial access or in the exercise of any other rights available to American citizens, or the use by any foreign nation of assistance made available by the United States to carry out any program or activity of such nation in the course of which discrimination is practiced against any citizen of the United States by reason of his race, color, or religion is repugnant to our principles; and in all negotiations with any foreign nation with respect to any funds appropriated under authority of this Act, these principles shall be applied. The Secretary of State shall report annually on the measures taken to apply the principles stated above."

(b) Such section is further amended by inserting after the seventh paragraph the following:

"It is the sense of Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military or propaganda efforts, supported by the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this Act."

The Congress further declares that in the administration of programs of assistance under this Act, the highest practicable emphasis should be given to: programs providing for loans or loan guarantees for use by institutions and organizations in making repayable low-interest rate loans to individuals in friendly foreign countries for the purchase of small farms, the purchase of homes, the establishment, equipment and strengthening of small independent business concerns, purchase of tools or equipment needed by individuals for carrying on an occupation or a trade, or financing the opportunity for individuals to obtain practical education in vocational and occupational skills, and to those programs of technical assistance and development which will assist in carrying out and in preparing a favorable environment for such programs. While recognizing that special requirements, differing development needs and political conditions in various assisted countries will affect the priority of such programs and of each country's relative ability to implement them, it is further the sense of Congress that each such assisted country should be encouraged to give adequate recognition to such needs of the people in the preparation of national development programs.

Chapter 2—Development assistance

Title I—Development Loan Fund

SEC. 102. Section 201 of the Foreign Assistance Act of 1961, as amended, which relates to general authority with respect to development loans, is amended by adding at the end thereof the following:

"(e) In carrying out this title, the President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of $50,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans."

Title II—Development Grants and Technical Cooperation

SEC. 102. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

(a) In section 211, which relates to general authority, add a new subsection (c) as follows:

"(c) Not to exceed $1,000,000 of the funds made available for the purposes of this section in any fiscal year may be used for programs designed to promote the peaceful uses of atomic energy outside the United States and such programs may be carried out only in accordance with the requirements of this section."

(b) In section 212, which relates to authorization, strike out "1962" and "$380,000,000" and substitute "1963" and "$300,000,000", respectively.

(c) Strike out section 213, which relates to atoms for peace.

Title III—Investment Guaranties

SEC. 103. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221(b), which relates to general authority, as follows:

(1) In paragraph (1) strike out "$1,000,000,000" in the proviso and substitute "$1,300,000,000".

(2) In paragraph (2) strike out "of not to exceed 75 per centum of any investment" and substitute "in whole or in part of any loan investment for housing projects or assuring against loss of not to exceed 75 per centum of any other investment,", and strike out "$90,000,000" in the third proviso and substitute "$180,000,000".

(b) Amend section 222, which relates to general provisions, as follows:

(1) In subsection (d) insert ", and out of funds made available pursuant to this title" before the period.

(2) Add the following new subsection (f):

"(f) There is hereby authorized to be appropriated to the President such amounts, to remain available until expended, as may be necessary from time to time to carry out the purposes of this title."

(c) Amend section 224, which relates to housing projects in Latin American countries, as follows:

(1) In subsection (b) strike out "$10,000,000" in the second sentence and substitute "$60,000,000".

(2) In subsection (c) strike out "and (e)" and substitute "(e), and (f)".

Title IV—Surveys of Investment Opportunities

SEC. 104. Section 232 of the Foreign Assistance Act of 1961, as amended, which relates to surveys of investment opportunities, is amended by striking out "1962" and "$5,000,000" and substituting "1963" and "$1,500,000", respectively.

Alliance for Progress

SEC. 105. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development assistance, is amended by adding at the end a new title VI, as follows:

"Title VI—Alliance for Progress

"SEC. 251. GENERAL AUTHORITY.—(a) It is the sense of the Congress that the historic, economic, political, and geographic relationships among the American peoples and Republics are unique and of special significance and that the Alliance for Progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relationships among them. It is further the sense of Congress that vigorous measures by the countries and areas of Latin America to mobilize their own resources for economic development and to adopt reform measures to spread the benefits of economic progress among the people are essential to the success of the Alliance for Progress and to continued significant United States assistance thereunder. The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

"(b) Assistance furnished under this title shall be directed toward the development of human as well as economic resources. In furnishing assistance under this title, the President shall take into account (1) the principles of the Act of Bogotá and the Charter of Punta del Este and, in particular, the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contributions to realizable long-range objectives; and (4) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved. In making loans under this title from funds which are required to be used for loans payable as to principal and interest in United States dollars, the President shall take into account, in addition to the considerations named in the preceding sentence, whether financing could be obtained in whole or in part from other free world sources on reasonable terms. The provisions of sections 201(d), 202(b), 202(c), and 204 shall be applicable to such loans, and they shall be made only upon a finding of reasonable prospects of repayment.

"(c) The authority of section 614(a) may not be used to waive the requirements of this title with respect to funds made available for this title which are required to be used for loans payable as to principal and interest in United States dollars, and the authority of section 610 may be used to transfer such funds only to funds made available for title I of chapter 2 of part I.

"(d) In order to carry out the policies of this Act and the purpose of this title, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to insuring a wider and more equitable distribution of the ownership of land.

"(e) The President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of $50,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans.

"SEC. 252. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, for use beginning in each of the fiscal years 1963 through 1966, not to exceed $600,000,000 for each such fiscal year which sums are authorized to remain available until expended and which, except for not to exceed $100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1963, shall be available only for loans payable as to principal and interest in United States dollars. In presenting requests to the Congress for authorizations for appropriations for fiscal years 1964 through 1966 to carry out other programs under this Act, the President shall also present the program proposed to be carried out from funds appropriated pursuant to the authorization contained in this section for the respective fiscal year.

"SEC. 253. FISCAL PROVISIONS.—All receipts in United States dollars from loans made under this title and from loans made for the benefit of countries and areas of Latin America under title I of chapter 2 of part I of this Act, notwithstanding section 203, shall be available for use for loans payable as to principal and interest in United States dollars in furtherance of the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended."

Chapter 3—International organizations and programs

SEC. 106. (a) Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out "1962" and "$153,500,000" and substituting "1963" and "$148,900,000", respectively.

(b) Such section 302 is further amended by adding at the end thereof the following: "None of the funds appropriated pursuant to this section or any other law shall be used for the purpose of making any loans or grants to the United Nations (except for payment by the United States of its assessed share of the expenses of that Organization), or for the purchase of any bonds or other certificates of indebtedness of the United Nations, until such time as all members of the United Nations have paid in full their share of the expenses of that Organization, including their share of the expenses of United Nations operations in the Congo and the Gaza strip."

Chapter 4—Supporting assistance

SEC. 107. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out "1962" and "$465,000,000" and substituting "1963" and "$440,000,000", respectively.

Chapter 5—Contingency fund

SEC. 108. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended as follows:

(a) Amend subsection (a) by striking out "1962" and "$300,000,000" and substituting "1963" and "$275,000,000", respectively.

(b) Amend subsection (b) by striking out "keep" and substituting "provide quarterly reports to" and by striking out "currently informed of the use" and substituting "on the programing and the obligation".

Chapter 6—Assistance to agrarian economies

SEC. 109. Section 461 of the Foreign Assistance Act of 1961, as amended, which relates to assistance to countries having agrarian economies, is amended by adding at the end thereof the following: "In such country emphasis shall be placed also upon programs of community development which will promote stable and responsible governmental institutions at the local level."

PART II—INTERNATIONAL PEACE AND SECURITY ACT OF 1961

Chapter 2—Military assistance

SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance is amended as follows:

(a) In section 506, which relates to conditions of eligibility, add the following new subsection:

"(c) Any country which hereafter uses defense articles or defense services furnished such country under this Act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance Act where such use is in violation of the provisions of this chapter or any agreements entered into pursuant to any of such Acts shall be immediately ineligible for further assistance."

(b) In section 507(a), which relates to sales, insert "not less than" before "the value" in the first sentence.

(c) In section 507(b), add a new sentence to read as follows: "No sales of unclassified defense articles shall be made to the government of any economically developed nation under the provisions of this subsection unless such articles are not generally available for purchase by such nations from commercial sources in the United States: *Provided, however,* That the Secretary of Defense may waive the provisions of this sentence when he determines that the waiver of such provisions is in the national interest."

(d) In section 510(a), which relates to special authority, strike out "1962" in the first and second sentences and substitute "1963".

PART III

Chapter 1—General provisions

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) In section 611(a), which relates to completion of plans and cost estimates, strike out "and II" and substitute ", II, and VI".

(b) Strike out section 618, which relates to economic assistance to Latin America, and substitute a new section 618 as follows:

"SEC. 618. USE OF SETTLEMENT RECEIPTS.—United States dollars directly paid to the United States under the Agreement Between the United States of America and Japan Regarding the Settlement of Postwar Economic Assistance to Japan may be appropriated or otherwise made available to the President in any appropriation Act, within the limitations of part I of this Act, to carry out the provisions of that part."

(c) In section 620(a), which relates to prohibitions against furnishing assistance to Cuba, amend the first sentence to read as follows: "No assistance shall be furnished under this Act to the present government of Cuba, or to any country which furnishes assistance to the present government of Cuba unless the President determines that such assistance is in the national and hemispheric interest of the United States."

(d) In section 620(c), which relates to prohibitions against furnishing assistance to governments indebted to American citizens, insert "or ordered" after "furnished", insert "either" after "remedies and", and immediately before the period of the end thereof insert "or indebtedness arises under an unconditional guaranty of payment given by such government or any predecessor government".

(e) In section 620, which relates to restrictions on assistance to certain countries, add the following new subsection:

"(e) The President shall suspend assistance to the government of any country to which assistance is provided under this Act when the government of such country or any governmental agency or subdivision within such country on or after January 1, 1962—

"(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

"(2) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency or government subdivision fails within a reasonable time (not more than six months after such action or after the date of enactment of this subsection, whichever is later) to take appropriate steps to discharge its obligations toward such citizen or entity, including equitable and speedy compensation for such property in convertible foreign exchange, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be, and such suspension shall continue until he is satisfied that appropriate steps are being taken and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

"(f) No assistance shall be furnished under this Act, as amended, to any Communist country. This restriction may not be waived pursuant to any authority contained in this Act unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international communism. For the purposes of this subsection, the phrase 'Communist country' shall include specifically, but not be limited to, the following countries:

"Peoples Republic of Albania,
"Peoples Republic of Bulgaria,
"Peoples Republic of China,
"Czechoslovak Socialist Republic,
"German Democratic Republic (East Germany),
"Estonia,
"Hungarian Peoples Republic,
"Latvia,
"Lithuania,
"North Korean Peoples Republic,
"North Vietnam,
"Outer Mongolia-Mongolian Peoples Republic,
"Polish Peoples Republic,
"Rumanian Peoples Republic,
"Tibet,
"Federal Peoples Republic of Yugoslavia,
"Cuba, and
"Union of Soviet Socialist Republics.

"(g) Notwithstanding any other provision of law, no monetary assistance shall be made available under this Act to any government or political subdivision or agency of such government which will be used to compensate owners for expropriated or nationalized property and, upon finding by the Administrator that such funds have been diverted by any government for such purpose, no further assistance under this Act shall be furnished to such government until appropriate reimbursement is made to the United States for sums so diverted.

"(h) The President shall adopt regulations and establish procedures to insure that the United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries."

Chapter 2—Administrative provisions

SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

(a) In section 621, which relates to exercise of functions, delete "(a)" and strike out subsections (b), (c), (d), and (e).

(b) Amend section 624, which relates to statutory officers, by striking out subsection (d) and redesignating subsection (e) as subsection "(d)", inserting in paragraph 2(A) of redesignated subsection (d) ", and programs being conducted by United States Government agencies under Public Law 86-735," after "Peace Corps", and inserting in paragraphs (5) and (7) of redesignated subsection (d) ", and Public Law 86-735" after "part II of this Act".

(c) Amend section 625, which relates to employment of personnel, as follows:

(1) In subsection (b) strike out "seventy-six" in the first sentence and substitute "one hundred".

(2) In subsection (d) add the following proviso before the period at the end of paragraph (2): ": *Provided further,* That, whenever the President determines it to be important for the purposes of this Act, the President may initially assign personnel under this paragraph for duty within the United States for a period not to exceed two years for the purpose of preparation for assignment outside the United States; however, the authority contained in this proviso may not be exercised with respect to more than thirty persons in the aggregate."

(3) Amend subsection (f) to read as follows:

"(f) Funds provided for in agreements with foreign countries for the furnishing of services under this Act with respect to specific projects shall be deemed to be obligated for the services of personnel employed by agencies of the United States Government (other than the agencies primarily responsible for administering part I or part II of this Act) as well as personnel not employed by the United States Government."

(d) In section 629(b), which relates to status of personnel detailed, strike out "624(e)" in the first sentence and substitute "624(d)".

(e) In section 634(a), which relates to reports and information, insert the following before the period at the end of the second sentence: "and on progress under the freedom of navigation and nondiscrimination declaration contained in section 102".

(f)(1) In section 634(d), which relates to reports and information, strike out "In January of each year" and "preceding twelve months" in the first sentence and substitute "At the end of each fiscal year" and "fiscal year" respectively.

(2) After the first sentence of such section 634(d) insert the following: "There shall also be included in the presentation material submitted to the Congress during its consideration of amendments to this Act, or of any Act appropriating funds pursuant to authorizations contained in this Act, a comparison of the current fiscal year programs and activities with those presented to the Congress in the previous year and an explanation of any changes."

(g) In section 635(h), which relates to general authorities, strike out "and V" and substitute ", V, and VI" and strike out "made".

(h) In section 637(a), which relates to administrative expenses, strike out "1962" and substitute "1963".

Chapter 3—Miscellaneous provisions

SEC. 303. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended as follows:

(a) Section 643, which relates to saving provisions, is amended by striking out subsection (d).

(b) Section 644(m), which relates to definitions, is amended by striking out "as grant assistance" in subparagraphs (2) and (3).

(c) Section 645, which relates to unexpended balances, is amended by inserting "this Act or" after "pursuant to".

PART IV—AMENDMENTS TO OTHER LAWS

SEC. 401. Part IV of the Foreign Assistance Act of 1961, as amended, is repealed, which repeal shall not be deemed to affect amendments contained in such part.

SEC. 402. Section 2 of the Act of August 1, 1956 (70 Stat. 890), as amended, is further amended by adding after paragraph (a) the following new paragraph:

"(b) for the purpose of promoting and maintaining friendly relations with foreign countries through the prompt settlement of certain claims, settle and pay any meritorious claim against the United States which is presented by a government of a foreign coun-

try for damage to or loss of real or personal property of, or personal injury to or death of, any national of such foreign country: *Provided*, That such claim is not cognizable under any other statute or international agreement of the United States and can be settled for not more than $15,000 or the foreign currency equivalent thereof."

Mr. SPARKMAN. Mr. President, I move that the Senate disagree to the amendment of the House to S. 2996, to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes," agree to the conference asked by the House, and that the conferees on the part of the Senate be named by the Chair.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Alabama.

The motion was agreed to; and the Chair appointed Mr. FULBRIGHT, Mr. SPARKMAN, Mr. HUMPHREY, Mr. MANSFIELD, Mr. WILEY, Mr. HICKENLOOPER, and Mr. AIKEN conferees on the part of the Senate.

ORDER OF BUSINESS

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time for the quorum be not charged to either side.

The VICE PRESIDENT. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

EXTENSION OF TIME FOR THE HOLDING OF THE 1963 WHEAT MARKETING QUOTA REFERENDUM

The Chair laid before the Senate the joint resolution (H.J. Res. 809) to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning July 1, 1963, which was read twice by its title.

The VICE PRESIDENT. The joint resolution is before the Senate and open to amendment.

Mr. ELLENDER. Mr. President, the joint resolution would extend the time for holding the 1963 wheat marketing quota referendum. Under existing law it must be held between the date of issuance of the marketing quota proclamation and July 25. Under the joint resolution it could be held at any time up to and including August 31.

Congress has twice extended the time for proclaiming the 1963 marketing quota, which was proclaimed on June 26. On June 11, the Senate also voted to extend the time for holding the referendum until as late as August 25. This provision of Senate Joint Resolution 198, however, was stricken out by the House, and the Senate subsequently agreed to the House amendment. On two occasions in past years the time for holding the referendum has been extended—to as late as August 15 in the case of the 1954 crop, and as late as August 26 in the case of the 1962 crop.

The Senate has passed legislation making changes in the wheat marketing quota law. That legislation has not been acted upon by the House. It now appears that the Senate bill may not be considered by the House. However, it is now July 12. If the referendum is held before July 25, there will have to be a rush job to get the allotments to the farmers before they vote. There will not be time for adequate consideration by the farmers. In order that the 1.8 million allotments may be issued in an orderly fashion and still provide the farmer with some time to make up his mind in the light of his allotment and the current legislative situation, the time for the referendum should be extended.

The House has alread acted upon the joint resolution favorably.

I have discussed the matter with the distinguished Senator from North Dakota [Mr. YOUNG] and other members of the Committee on Agriculture and Forestry, and there is no objection to considering the joint resolution at this time.

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). Is there objection to the present consideration of the joint resolution?

There being no objection, the joint resolution was considered, ordered to a third reading, was read the third time, and passed.

THE FACILITATION OF SALE AND DISPOSAL OF EXTRA LONG STAPLE COTTON

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1083, H.R. 10595.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 10595) to facilitate the sale and disposal of Government stocks of extra long staple cotton.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. HUMPHREY. Mr. President, the bill has been reported unanimously by the Committee on Agriculture and Forestry and has been passed by the House. The proposal has the full approval of the agencies of Government. I ask that the Senate approve it.

I ask unanimous consent that pertinent portions of the committee report describing the purposes of the bill be made a part of the RECORD.

There being no objection, the excerpt from the report was ordered to be printed in the RECORD, as follows:

This bill provides for disposition of all extra-long-staple cotton in the strategic stockpile. The cotton would be transferred to the Commodity Credit Corporation, which would sell the domestic cotton (about 47,000 bales) only for unrestricted use at not less than 115 percent of the current support price plus reasonable carrying charges, and the foreign cotton (about 172,000 bales) only for export at not less than the world price. Foreign cotton could be disposed of under Public Law 480, 83d Congress, and quantities to be disposed of through commercial and Public Law 480 sales of foreign cotton would be announced periodically by the Secretary of Agriculture.

The domestic cotton, while held by Commodity Credit Corporation, and the foreign cotton at all times would be excluded from marketing quota determinations. (Thus none of the cotton while held by Commodity Credit Corporation would be included in the carryover to reduce the national marketing quota, and exports of foreign cotton would not be included in normal supply to increase the quota, but consumption and exports of domestic cotton would be included in normal supply in the same manner as other domestice cotton). Net proceeds would be covered into the Treasury as miscellaneous receipts.

The committee also had before it a similar Senate bill, S. 2955. The Department of State, Office of Emergency Planning, and General Services Administration reported favorably on S. 2955, with amendments, most of which have since been included in H.R. 10595. The Department of Agriculture's report, which was received after passage of H.R. 10595 by the House of Representatives, recommended amendment of S. 2955 to conform to H.R. 10595, and the committee was advised that all agencies concerned favor H.R. 10595 as passed by the House. Hearings were held by the Committee on Agriculture and Forestry on June 28, and all witnesses favored passage of the bill without amendment.

It will be noted that in his letter of March 30, the Acting Director of the Office of Emergency Planning recommended an amendment which would have required the concurrence of other interested Government departments or agencies in the determination and announcement by the Secretary of Agriculture of disposal quotas. The House of Representatives, after careful consideration of this amendment, determined that such concurrence should not be required, and the Department of Agriculture in its letter of June 5, with Budget Bureau approval, recommended an amendment similar to that proposed by the Acting Director of the Office of Emergency Planning, but omitting the requirement with respect to concurrence by other Govenrment agencies. The Department of Agriculture would, of course, be aware of the interests of other agencies and would take such action as was deemed to be in the best interest of this Government.

BACKGROUND AND HISTORY

During the Korean hostilities, in accordance with the provisions of the Strategic and Critical Materials Stock Piling Act (Public Law 79-520), the Munitions Board in the Department of Defense determined that extra-long-staple cotton should be a stockpile material and a stockpile objective for this cotton was established. As a result of these decisions, the Government in the next few years acquired 269,000 bales of extra-long-staple cotton. (In this report, the bales are counted as 500-pound bales rather than as running bales.) The decision to stockpile extra-long-staple cotton was made because military needs could not adequately be provided from domestic production and because the experience in meeting military needs arising in connection with the Korean hostilities had indicated a dangerous, costly dependence upon certain foreign sources of supply. The essential military needs for extra-long-staple cotton were in the form of cordage and webbing, shoelaces, sewing thread, and fine-count military fibers, all of

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For information only; should not be quoted or cited)

Issued July 18, 1962
For actions of July 17, 1962
87th-2d, No. 121

CONTENTS

Appropriations.....11
Area redevelopment.....22
Atomic energy.....11
Consumers.....30
Corn.....13
Education.....19,20,27
Electrification.....24,25
Extension work.....15
Farm housing.....26
Farm labor.....6
Farm program.....3,17
Federal aid.....28
Foreign agriculture.....21
Foreign aid.....12,19
Foreign trade.....23
Grain storage.....5
Health.....1
Housing.....26
Humane animal research...4
Information.....27
Land-grant colleges.....20
Legislative program.....9
Loans.....26
Nominations.....7
Patents.....14
Personnel.....10
Reclamation.....16
Research.....15,29
Rice enrichment.....2
Science and technology...7
Tariff.....18
Training.....10
Transportation.....8

HIGHLIGHTS: Senate tabled medicare amendment. Senate committee reported rice enrichment bill. Sen. Humphrey criticized CED farm program report. Sen. Clark commended his humane-animal-research bill. Sen. Miller claimed USDA grain-storage mismanagement. Senate subcommittee voted to report bills to provide additional researd facilities at State experiment stations, and amend extension service legislation. Sen. Williams, N. J., commended HHFA migratory-labor housing and Goldberg's minimum-wage action in Calif. House committee reported State, Justice, and Commerce appropriation bill. Rep. Fountain introduced and discussed bill to provide periodic review of grants-in-aid programs. Rep. Nelsen inserted editorial critical of CED's farm program report. Sen. Wiley urged expanded global food plan.

SENATE

1. HEALTH. Passed with amendments H. R. 10606, to extend and improve the public assistance and child welfare services programs of the Social Security Act. Tabled, 52-48, the Anderson medicare amendment. Senate conferees were appointed. pp. 12886-95, 12900-33

2. RICE ENRICHMENT. The Agriculture and Forestry Committee reported with amendments S. 3152, to provide for the nutritional enrichment and sanitary packaging of rice prior to its distribution under certain Federal programs (S. Rept. 1741). p. 12883

3. FARM PROGRAM. Sen. Humphrey criticized the recent report of the Committee for Economic Development regarding the farm program and inserted an article by Julius Duscha on this subject. pp. 12895-8

4. HUMANE ANIMAL RESEARCH. Sen. Clark defended his bill to require humane treatment

of animals in research and inserted a report by Betty Beale on this matter. pp. 12899-900

5. GRAIN STORAGE. Sen. Miller claimed this Department has mismanaged grain-storage operations and inserted an article by Nick Kotz on this subject. pp. 12935-7

6. FARM LABOR. Sen. Williams, N. J., commended the Housing and Home Finance Agency for its housing program for migratory labor and inserted the Agency's announcement on this matter. pp. 12949-50

Sen. Williams, N. J., also defended the recent action of Secretary Goldberg regarding a minimum wage for certain farm workers in Calif. pp. 12950-1

7. NOMINATIONS. The Labor and Public Welfare Committee reported favorably the nomination of Jerome B. Wiesner to be Director of the Office of Science and Technology. p. 12883

Received the nominations of various persons to the National Science Board, NSF. p. 12951

8. TRANSPORTATION. Sen. Kefauver announced Sen. Humphrey as a cosponsor of S. 3097, to defer certain railroad mergers. pp. 12883-4

9. LEGISLATIVE PROGRAM. Agreed to have a calendar call today, July 18. H. R. 10904, the Labor-HEW appropriation bill, was made the unfinished business. pp. 12932-3

10. PERSONNEL. The Post Office and Civil Service Committee reported without amendment H. R. 6374, to clarify the application of the Government Employees Training Act with respect to payment of expenses of attendance of Government employees at certain meetings (S. Rept. 1740). p. 12883

HOUSE

11. APPROPRIATIONS. The Appropriations Committee reported without amendment H. R. 12580, the State-Justice-Commerce appropriation bill for 1963. (H. Rept. 1996). p. 12880

Passed with amendments H. R. 11974, to authorize appropriations for the Atomic Energy Commission. pp. 12823-61

12. FOREIGN AID. Rep. Chipperfield was appointed as a conferee on S. 2996, the foreign aid authorization bill, to replace Rep. Bolton. pp. 12865-6

13. CORN. Rep. Jensen announced that the Iowa Members of Congress and the American Corn Millers' Federation are furnishing cornbread gratis to the House today and every other Monday, starting next Monday, as a constant reminder of the high nutritional value of corn and the place this grain holds in the history of this Nation. p. 12862

14. PATENTS. The Judiciary Committee reported without amendment H. R. 12513, to provide for public notice of settlements in patent interferences (H. Rept. 1983). p. 12880

15. EXTENSION WORK; RESEARCH. The Subcommittee on Research and Extension of the House Agriculture Committee ordered favorably reported to the full committee, amended, H. R. 890, to assist States to provide additional facilities for research at State experiment stations; and H. R. 11240, to amend the Smith-Lever Act regarding extension work. p. D596

defense and security of our Nation is at stake. No one—and I do not believe there is a Member in either body of this Congress who would disagree with this statement—should object to a fair and equitable division of responsibilities between labor and management, as well as the military and Government officials, when it becomes necessary to implement and protect the security of our country.

In a report issued by the Senate Government Operations Committee, dated March 29, 1962, entitled "Work Stoppage at Missile Bases," the following statement was made:

It is therefore obvious that our ballistic missile programs, and in some measure our space programs, provide the bulwark of our national survival. Our national existence is tied to the success of these programs. Under such circumstances, it seems inconceivable that any group of Americans would impede in any way the construction of missile launching sites and the installation of ballistic and space missiles. The stakes in our mortal struggle with the unscrupulous leaders of world communism would seem to be far too high to permit any man's conscience to allow him to bear any responsibility whatsoever for increasing our danger.

The report outlines a dismaying story of mishandling the work, inefficiency or worse at our missile sites. Time and space will not permit me to go into detail but to call it shocking is to clearly understate the case. Our man-in-space program was seriously retarded, according to testimony of the operations manager responsible for the Atlas military weapon and space program at Cape Canaveral. This manager, however, also made it clear that there were several other factors involved, such as lack of decision on the part of the Government, lack of decision on the part of our Department of Defense, and lack of decision on the part of management. Portions of the report deal with union responsibility. Other portions dealt with the military supervision, in which apparently there were serious flaws. Still other portions deal with the failures of management.

The Congress, through criticism in the report of the Davis-Bacon Act—which concerns prevailing local wages in the construction trade—came in for its share of blame. Some testified that this law should be clarified since construction is such an important part in the early phases of missile site and defense installations.

The Department of Labor came in for its share of the blame, in this report, because of its interpretation of the Davis-Bacon Act with reference to the construction work at the defense and missile sites.

Several legislative and administrative reforms were suggested, and the findings and conclusions of the subcommittee dealt with the three-way responsibility of labor, management, and military and Government.

I do not plan to quote from the findings and conclusions since this committee report is available to any Member and/or citizen who cares to read it for themselves. However, under the portion entitled "Corrective Measures," I would like to quote from sections 18 and 19:

The subcommittee is at a complete loss to understand how these conditions, which have resulted in inexcusable delays and needless expense, could have continued for 4½ years without any spokesman of labor, management, the military or the Federal Government bringing them forcibly to the attention of the Congress, the President, or the public.

Section 19 continues:

Although this condition had existed for 4½ years, decisive action was not taken until this matter was exposed by the subcommittee in open hearings. Thereafter the President, by Executive order, established the Missile Sites Labor Commission, and the Secretary of Labor established the Missile Sites Public Contracts Advisory Committee.

We have now come a complete circle. After a year of intense effort to gain voluntary compliance and cooperation through these Commissions, if the Secretary of Labor now feels it necessary to threaten passage of a law by Congress to control labor-management and military government, I am convinced this should be done—and without further costly and dangerous delay. The person who can bring under control this modern-day example of the Greek mythological three-headed animal, Cerberus, will indeed be another Hercules.

If we need such legislation, let me commend my bill, H.R. 9555, to your attention. This is a simple, fair, and workable bill. It does not call for complicated legal maneuverings. It simply states the problem, and offers a simple and equitable solution. Time may be running out too swiftly for us to go into elaborate and complicated legislative measures. We must now face the realities of our situation, evaluate the problem, and by taking action, provide the solution. Those who wish to quibble endlessly on labor-management problems have many other areas into which they can go.

When Secretary of Labor Goldberg stated, "We cannot afford a strike in our missile manufacturing plants. The security of all of us depends on uninterrupted production," I believe he had faced the realities, evaluated the situation, and come to the conclusion that a law to provide the solution was indeed necessary. In any event, I believe it, the public believes it, and union members and their families believe it. I base this last remark on an article in the National Independent Labor Journal of June, 1962, entitled "Gallup Poll—Public: Treat Unions Same as Steel." In the article it was found that in a nationwide poll, the public's reaction to the steel-price crisis showed that 58 percent of an estimated 76 million—7 out of 10 persons—had a favorable reaction to President Kennedy's action against the steel companies in regard to the announced price change. Five percent showed mixed feelings. Twenty-two percent showed unfavorable feelings, and 15 percent, no opinion. However, the poll went ahead to discuss labor unions in big industries asking for wage increases, and asked how the people interviewed would like to see President Kennedy take action to get unions to reduce their demands. The vote showed that 68 percent thought "Yes; should." Nineteen percent thought "No; should not." Thirteen percent showed "No opinion." The most striking thing about the poll, to my mind, showed that among union members and their families the vote indicated 63 percent felt "Yes; should." Twenty-six felt "No; should not," and only 11 percent expressed "No opinion."

Let me reiterate that H.R. 9555 concerns only the defense and security of our country and our people. It does not unduly punish one group, while pampering another. It does, however, insure continuing, constructive, and dedicated effort on the part of all groups involved in our defense effort—toward the end that this Nation might endure, and that "this Government of the people, by the people, and for the people shall not perish from the earth."

PROCUREMENT POLICY OF THE DEFENSE DEPARTMENT

(Mr. CHAMBERLAIN asked and was given permission to address the House for 1 minute.)

Mr. CHAMBERLAIN. Mr. Speaker, I note with satisfaction that the morning newspapers carry a story revealing that the Defense Department is to announce shortly a stiffer procurement policy, more in line with this Nation's economic needs and welfare, for the purpose of reducing our balance-of-payments deficits. It was precisely this sort of action which I had in mind and which I had hoped to encourage when I last week expressed irritation and bewilderment concerning the Army's procurement of, since 1957, over 78,000 military vehicles for nearly a quarter billion dollars from Japanese manufacturers under the military assistance program for our Far Eastern allies. In this particular case, I maintained that the Pentagon had employed a false cost comparison in claiming that the cost differential of the half-price Japanese trucks prevented the purchase of U.S. trucks because they ignored the new tax revenues created when the U.S. Government buys U.S. goods—40 cents on every dollar so spent according to the President's own budget estimates of a year ago. It is my earnest wish that this new look in military procurement will include a more realistic cost comparison between U.S. goods and foreign goods.

But as of today, I must say that I am heartened by this action of the Defense Department and look forward to the reports of the results of its early implementation. With our continuing unemployment and critical gold-flow problems, the effective use of this new policy is absolutely essential if we are to squarely meet our responsibility to keep this Nation's economic posture sound, which we must do if we are to keep this Nation strong and free.

SUBSTITUTION OF CONFEREES ON S. 2996

Mrs. BOLTON. Mr. Speaker, I ask unanimous consent to be excused from service as a conferee on the bill S. 2996, to amend further the Foreign Assistance

Act of 1961, as amended, and for other purposes.

The SPEAKER. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

The SPEAKER. The Chair appoints as a manager on the part of the House at the conference on the disagreeing votes of the two Houses to the bill S. 2996 the gentleman from Illinois, Mr. CHIPERFIELD, to fill the existing vacancy thereon, and the Clerk will notify the Senate of the action of the House.

COMMITTEE ON RULES

Mr. SMITH of Virginia. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tomorrow night to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

ONE HUNDRED YEARS OF NATIONAL CEMETERIES

The SPEAKER. Under previous order of the House, the gentleman from Texas [Mr. RUTHERFORD] is recognized for 45 minutes.

(Mr. RUTHERFORD asked and was given permission to revise and extend his remarks.)

Mr. RUTHERFORD. Mr. Speaker, I rise today to do two things—first, to call to the attention of the House that today is the 100th anniversary of the founding of our national cemetery system and, second, to announce that I am introducing a bill which, when it comes before the House, will give us an opportunity to decide whether that system should be abandoned or perpetuated.

The national cemetery system came into being, Mr. Speaker, on July 17, 1862, when President Abraham Lincoln put his signature on an omnibus bill, one section of which gave the President "power, whenever it shall be expedient, to purchase cemetery grounds, and cause them to be securely enclosed, to be used as a national cemetery for the soldiers who shall die in the service of the country."

We had had isolated post and garrison cemeteries before, but this act gave us the beginnings of a truly national system. In the 100 years that have passed since then, we have come to be proud of our national cemeteries as we are proud of the men who have been laid to rest there and proud of the opportunities to go there on our Decoration Days—or, if you prefer, Memorial Days—to remind ourselves of their service to our country.

"The world will little note nor long remember what we say here, but it can never forget what they did here," were Lincoln's words when he dedicated Gettysburg. This was not sentimentality—this was a just appraisal of the worth of the spot at which he spoke, and, I hope, a wonderfully true prediction of the attitudes of generations then and now unborn. The poppies in Flanders Field and the row of ordered stones at Carthage in North Africa tell the same story. They make the same appeal to us to remember for all time to come that, but for the valor of the men who lie there, ours might not be a life worth living.

> Let us now praise famous men, and our fathers that begat us—
> Such as did bear rule in their kingdoms, men renowned for their power,
> Leaders of the people by their counsels, and by their knowledge.
> * * * * *
> All these were honored in their generations, and were the glory of their times.
> And some there be, which have no memorial; who are perished, as though they had never been.
> Their bodies are buried in peace; but their name liveth evermore.

We cannot be content, Mr. Speaker, as these verses from Ecclesiasticus remind us, to think of the great alone. We must not be satisfied to celebrate only the outstanding. There are others, too—the humdrum backline soldier who never say shellfire but who kept the ammunition moving forward, the peacetime sailor without whom we would not have a wartime Navy, the lonely pilot on the routine flight which fails to come home. God grant that the services of such men as these will never be needed for anything more militant, but may we also remember that they are part of that cloud of witnesses with which we are compassed about and be taught by them to run with patience the race that is set before all of us.

This, Mr. Speaker, is the course that our Nation has chosen. We have not closed the gates of our national cemeteries and posted on them signs saying "Heroes only," "No admittance to the first three grades." "Only wartime veterans need apply."

Indeed not. We have, by statute, published it abroad that our national cemeteries are open to all without regard to rank, to color, to heroism—open to all whose service has been honorable.

Our national cemetery system did not, of course, begin with this in mind. The first step in 1862 was to provide for soldiers who died in the service of their country. The next important step came in 1873 which enlarged the eligibility list to include all "honorably discharged soldiers, sailors, or marines who served during the late war, either in the regular or the volunteer forces." Wives, widows, and minor children became eligible in the years following this, and after World War I the list was further expanded to cover all who had theretofore or should thereafter serve during any war in which the United States engaged. And in 1948, eligibility was still further broadened to include peacetime veterans.

These are the eligibility standards that the Congress of the United States has set up and announced for all to hear.

But have we told the truth? Or are we holding out false promises? Have we told the truth in New England where we do not have a single national cemetery? Are we holding out false promises in California where the Golden Gate Cemetery will close 3 years hence and the Fort Rosecrans National Cemetery a year later, or in Philadelphia and New Jersey where Beverly National Cemetery will close 2 years from now? Are we telling the truth or holding out false promises to these men when we say, as we have been told we must say, that we have no better policy than to allow our national cemeteries to fill up and then to close them for good?

Mr. Speaker, I have not invented this. The plain fact is that we have been generous in enlarging the number of those who are eligible for burial in our national cemeteries and, at the same time, we have been holding back on providing the space that we must have if we are to accommodate them.

I say this is wrong and I have long thought so. So this spring our Subcommittee on National Parks, to which the subject of national cemeteries is committed, held hearings on the subject of national cemetery policy. We asked for suggestions from the Armed Services Committee and the Veterans Affairs Committee. We invited everyone who wished to do so to appear—Members who have bills pending before us, the Department of the Army, the Bureau of the Budget, veterans' organizations, and representatives of private, church, and municipal cemeteries. Everyone agreed that there is a problem. The Members and the veterans' organizations called for modest expansion in the sysetm. The private organizations, for the most part, advocated closing out the program. This, too, I regret to say, was the position of the Department of the Army and the Bureau of the Budget.

Yet, I do these two agencies an injustice. Neither they nor the other opponents of expansion quite say what I have just said they say. They say the whole national cemetery system must fold up except for Arlington. Even so, they are wrong. The faster we clear our Beverlys, our Fort Rosecranses, our Long Islands, our Golden Gates, our Fort Sam Houstons, the faster Arlington will fold up, too. Even if all the Government-owned lands next to Arlington are developed for cemeterial purposes and even if the present rate of burial there is not accelerated with the closing of our other great national cemeteries, Arlington will be filled by 1988. And where, then, do we stand? Where is there more land in its vicinity to be developed? You know the answer, I know the answer, and they know the answer. There is none.

I want to do the Department of the Army fairness in another respect. Back in 1945, they supported bills to expand the national cemetery system and ran into trouble here on the Hill and elsewhere. The result was that nothing happened. The result is the almost complete standstill that has prevailed since that time.

But, Mr. Speaker, let me say this on this 100th anniversary of the founding of our national cemetery system. There are 55 bills currently before Congress calling for the expansion of this, that, or the other national cemetery or for the establishment of this, that, or the

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For information only; should not be quoted or cited)

Issued July 19, 1962
For actions of July 18, 1962
87th-2d, No. 122

CONTENTS

Appropriations.....2,23
Appropriations procedures.....5
CCC loans.....16
Claims.....7,17
Committee assignments..11
Drought relief.....3
Electrification.....21
Extension work.....29
Farm program.....12,22
Food for peace.....4
Foreign aid.....8,18,20
Foreign trade.....28
Forest development roads.....13
Forest highways.....13
Forest products.....27
Grain.....16
Household effects.....9
Imports.....9
Libraries.....19
Livestock.....24
Lumber.....9
Manpower.....2
Nomination.....6
Personal effects.....9
Personnel.....10
Pesticides.....26
Price supports.....16
Prices.....25
Public assistance.....15
Reclamation.....14
Research.....31
Retirement.....10
Rice.....1
Roads.....13
Social security.....15
Science and technology...6
Wheat.....30

HIGHLIGHTS: Senate passed rice enrichment bill. House passed road authorization bill. House Rules Committee cleared new farm bill. Sen. Morse and Rep. Dent urged aid for lumber industry. Sens. Javits and Keating urged drought relief for N. Y. Sen. Humphrey commended McGovern on food-for-peace program. Appropriations committee agreed on temporary procedures. Rep. Beckworth inserted replies to his request for CCC loan information. Rep. Van Zandt inserted article commending defeat of farm bill.

SENATE

1. RICE. Passed as reported S. 3152, to provide for the nutritional enrichment and sanitary packaging of rice prior to its distribution under certain Federal programs, including the school lunch program. pp. 13019-20

2. LABOR-HEW APPROPRIATION BILL. Began debate on this bill, H. R. 10904, agreeing to a Mansfield amendment to increase from $50 million to $75 million the item for manpower development and training. pp. 12987, 12990-020, 13023-6

3. DROUGHT RELIEF. Sens. Javits and Keating urged prompt USDA approval of Gov. Rockefeller's request for drought relief in N. Y. pp. 12957, 12960

4. FOOD FOR PEACE. Sen. Humphrey commended the work of George McGovern as director of the food for peace program and inserted Mr. McGovern's address before the World Food Forum. pp. 12987-90

5. APPROPRIATIONS PROCEDURES. The Daily Digest states that the joint House-Senate committee studying appropriations procedures adopted the following:

"Each branch of Congress in conference has group autonomy. The selection of the conference chairman is procedural for orderly functioning of the conference. Realizing this, the question of the selection of the conference chairman for the present session of Congress shall be left to the decision of the two subcommittee chairmen.

"It is agreed by the joint committee on behalf of the full Committees on Appropriations of the Senate and House of Representatives that for this session only the subcommittee chairmen of each body shall decide who shall act as chairman of the conference. It is further agreed that the chairmen of the Senate and House Committees on Appropriations appoint representatives of each committee to serve as a joint committee to study all the issues involved and report in January 1963 their recommendations."

6. NOMINATION. Confirmed the nomination of Jerome B. Wiesner to be Director of the Office of Science and Technology. p. 12953

7. CLAIMS. Received a USDA report on tort claims paid during the fiscal year 1962. p. 12954

8. FOREIGN AID. Sen. Wiley replaced Sen. Capehart as a conferee on S. 2996, the foreign-aid authorizations bill. pp. 12954-5

9. IMPORTS. Sen. Morse urged relief from Canadian lumber imports into the U. S. and inserted his testimony before the Commerce Committee on this matter. pp. 12958-60

Passed with amendments H. R. 12180, to extend until July 1, 1964, the law relating to free importation of personal and household effects brought into the U. S. under Government orders. pp. 12982-3

10. RETIREMENT. The Retirement Subcommittee of the Post Office and Civil Service Committee approved with amendments S. 3164, to increase the maximum age for receiving benefits under the Civil Service Retirement Act in the case of certain students, and S. 2937, to increase civil service retirement annuities. p. D602

11. COMMITTEE ASSIGNMENTS. Transfers between committees were made as follows: Sen. Case, N. J., from Commerce to Armed Services. Sen. Prouty from Public Works to Commerce. Sen. Murphy from Interior and Insular Affairs to Public Works. Sen. Pearson from Rules and Administration to Public Works. Sen. Bottum assigned to Interior and Insular Affairs and Rules and Administration. p. 12954

HOUSE

12. FARM PROGRAM. The Rules Committee reported a resolution for consideration of H. R. 12391, the new farm bill. p. 13108

13. ROADS. Passed with amendments H. R. 12135, to provide authorizations for roads for the fiscal years 1964 and 1965. In addition to the committee amendments, agreed to (236-159) a Baldwin amendment to require State highway departments to provide relocation advisory assistance to families displaced by right-of-way acquisitions. Rep. Ullman commended the provisions for forest roads and inserted tables showing the program for this item (pp. 13054-9). The bill includes an authorization of $33 million for forest highways for each of the two years and $10 million additional for 1963, $70 million for 1964, and $85 million for 1965 for forest development roads and trails. pp. 13043-71

July 18, 1962

14. RECLAMATION. The Rules Committee reported resolutions for consideration of S. 2008, relating to the construction, operation, and maintenance of the Spokane Valley project; H. R. 529, to construct, operate, and maintain the Mann Creek Federal reclamation project, Idaho; and H. R. 575, the upper division of the Baker Federal reclamation project, Oreg. p. 13108

15. PUBLIC ASSISTANCE; SOCIAL SECURITY. Received the conference report on H. R. 10606, to extend and improve the public assistance and child welfare services programs of the Social Security Act (pp. 13104-7, 13108). Conferees had been appointed earlier in the day (p. 13127). (H. Rept. 2006).

16. CCC LOANS. Rep. Beckworth inserted tabulations and correspondence with this Department giving information about grain and crops subject to price support loans. pp. 13093-100.

17. CLAIMS. Received from this Department a letter transmitting a report of all claims paid by the Department of Agriculture for the fiscal year ended June 30, 1962, pursuant to the Federal Tort Claims Act; to the Judiciary Committee. p. 13108

18. FOREIGN AID. The "Daily Digest" states that the conferees, in executive session, agreed to file a report on S. 2996, the proposed Foreign Assistance Act of 1962, and listed a table setting forth amounts agreed upon by the conferees, and adjustments against the Senate bill and House amendment. p. D604

19. LIBRARIES. Concurred in Senate amendments, with an amendment, to H. R. 8141, to amend the laws relating to depository libraries so as to provide for expansion in their number and to improve procedures and conditions for the selection, supply, retention, and disposal of Government publications furnished these libraries for public information. pp. 13029-31

ITEMS IN APPENDIX

20. FOREIGN AID. Extension of remarks of Sen. Wiley inserting an address by former Secretary of State Herter on foreign contributions to American agriculture. pp. A5500-1

Extension of remarks of Rep. Van Zandt inserting a resolution of the AEF opposing food shipments to Communist China. p. A5501

Extension of remarks of Reps. Pucinski and Dulski inserting editorials commending House action in permitting continued aid to Poland and Yugoslavia. pp. A5506, A5517

21. ELECTRIFICATION. Extension of remarks of Rep. Herlong inserting a speech by Sen. Smathers on the relationship of public to private power projects, pp. A5508-10

22. FARM PROGRAM. Extension of remarks of Rep. Van Zandt inserting an editorial applauding the defeat of the Administration's farm bill. p. A5510

23. APPROPRIATIONS. Extension of remarks of Rep. Pelly inserting an editorial criticizing the Democratic leadership in Congress for "fiscal irresponsibility." pp. A5510-1

24. LIVESTOCK. Extension of remarks of Rep. Pucinski inserting an article describing the resurgence of the Chicago hog market. pp. A5511-12

25. PRICES. Extension of remarks of Rep. Holifield inserting a statement in support of the quality stabilization bill. p. A5516

26. PESTICIDES. Extension of remarks of Reps. Green and Reuss inserting articles stressing the dangers of indiscriminate pesticide use to wildlife and men. pp. A5531, A5536-7.

27. FOREST PRODUCTS. Extension of remarks of Rep.Dent inserting correspondence about the plight of the walnut veneer logs industry. pp. A5532-4

28. FOREIGN TRADE. Extension of remarks of Rep. Dorn inserting a resolution of the 54th Annual Governors' Conference recommending increased world trade and advocating protection of domestic industry against import competition. p. A5536

BILLS INTRODUCED

29. EXTENSION WORK. H. R. 12589, by Rep. Abernethy, to amend the Smith-Lever Act of May 8, 1914, as amended; to Agriculture Committee

30. WHEAT. H. R. 12594, by Rep. O'Hara, Mich., to amend the Agricultural Adjustment Act of 1938 to permit increased production of types or varieties of wheat which are in short supply; to Agriculture Committee.

31. RESEARCH. H. R. 12601, by Rep. Dingell, to provide for a comprehensive, long range and coordinated national program in oceanography; to Merchant Marine and Fisheries Committee.

0

COMMITTEE HEARINGS JULY 19:
Estes investigation, S. Gov't Operations.
Watershed projects, H. Agriculture (exec)

o0o

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 87th CONGRESS, SECOND SESSION

Vol. 108 WASHINGTON, WEDNESDAY, JULY 18, 1962 No. 122

Senate

The Senate met at 12 o'clock meridian, and was called to order by the Vice President.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father, God, we are grateful for the ministry of prayer that keeps open the channels between Thy life and ours.

We confess that so often we have misused prayer—asking for that which we already have, neglected and unappropriated. In times past, we have beseeched Thee to give us that which we must win for ourselves, perhaps with sweat and tears.

As we come now, give us to see that the first step on the stairway that slopes through doubt and darkness up to Thee is to hush the clamor which so often drowns out the music of Thy peace. Grant us to know that not in the rush and roar of things, but in quietness and confidence, shall we be strengthened for the work committed to our hands in this day of destiny, when we believe that in Thy providence our America has come to the Kingdom for such a time as this.

In the Redeemer's name we ask it. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, July 17, 1962, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Ratchford, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, notified the Senate that the Speaker had appointed Mr. CHIPERFIELD, of Illinois, as a manager on the part of the House at the conference on the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, vice Mrs. BOLTON, excused.

The message announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 8201. An act for the relief of Sp5c. Curtis Melton, Jr.; and

H.R. 11974. An act to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes.

HOUSE BILLS REFERRED OR PLACED ON CALENDAR

The following bills were each read twice by their titles and referred, or placed on the calendar, as indicated:

H.R. 8201 An act for the relief of Sp5c. Curtis Melton, Jr.; to the Committee on the Judiciary.

H.R. 11974. An act to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purpose; placed on the calendar.

LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. MANSFIELD, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Permanent Subcommittee on Investigations of the Committee on Government Operations was authorized to meet during the session of the Senate today.

On request of Mr. MANSFIELD, and by unanimous consent, the Committee on Interior and Insular Affairs and the Subcommittee on Stockpiling of the Committee on Armed Services were authorized to meet during the session of the Senate today.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

The VICE PRESIDENT. If there be no reports of committees, the nomination on the Executive Calendar will be stated.

DIRECTOR OF OFFICE OF SCIENCE AND TECHNOLOGY

The Chief Clerk read the nomination of Jerome B. Wiesner, of Massachusetts, to be Director of the Office of Science and Technology.

Mr. MAGNUSON. Mr. President, as the Senate knows, technically this is a new position in the Government. Dr. Wiesner was the adviser to the President on scientific matters, but because of the great amount of science and technology in many of the departments it was deemed well to have a sort of coordinating office. Dr. Wiesner, as the new director, will handle both the advisory capacity for the President in this field and also the correlation of things being done in the many departments.

He is a man of great talent in this particular field. I think we are very fortunate that he has accepted this new responsibility. He is well respected in the scientific and technological fields, as well as in the National Academy of Sciences.

He is one of the real top men we have in Government service in this particular field. It is a great pleasure for me to support his nomination.

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination?

The nomination was confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

NOTICE OF MEMORIAL SERVICE FOR THE LATE SENATOR CASE OF SOUTH DAKOTA ON JULY 25, 1962

Mr. DIRKSEN. Mr. President, after consulting with the distinguished majority leader, on Wednesday, July 25, 1962, after the morning hour, there will be a memorial service in the Senate for the late Senator Case of South Dakota.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

REGISTRATION OF NURSES IN THE DISTRICT OF COLUMBIA

A letter from the President, Board of Commissioners, District of Columbia, transmitting a draft of proposed legislation to amend the act of February 9, 1907, entitled "An act to define the term 'registered nurse' and to provide for the registration of nurses in the District of Columbia," as amended, with respect to the minimum age limitation for registration (with an accompanying paper); to the Committee on the District of Columbia.

REPORT ON TORT CLAIMS PAID BY DEPARTMENT OF AGRICULTURE

A letter from the Administrative Assistant Secretary of Agriculture, transmitting, pursuant to law, a report on tort claims paid by that Department, for that fiscal year ended June 30, 1962 (with an accompanying report); to the Committee on the Judiciary.

REPORT ON REFUGEE PROGRAM IN VARIOUS COUNTRIES

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, reporting, pursuant to law, on the refugee program in Austria, Belgium, France, Germany, Greece, Italy, and Lebanon, for the 6-month period ended June 30, 1962; to the Committee on the Judiciary.

SUSPENSION OF DEPORTATION OF CERTAIN ALIENS

Two letters from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders suspending deportation of certain aliens, together with a statement of the facts and pertinent provisions of law pertaining to each alien, and the reasons for ordering such suspension (with accompanying papers); to the Committee on the Judiciary.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the VICE PRESIDENT:

A resolution adopted by the Provincial Board of Isabela, Philippine Islands, expressing disappointment on the disapproval of the Philippine war damage bill; to the Committee on Foreign Relations.

RESOLUTION OF WISCONSIN RURAL LETTER CARRIERS' ASSOCIATION

Mr. WILEY. Mr. President, I was privileged to receive a resolution adopted at the recent convention of the Wisconsin Rural Letter Carriers' Association.

The resolution pertains to legislation now pending before the House and Senate Post Office and Civil Service Committees relating to revision of pay scales for postal and Federal employees.

As reflected in the resolution, the Wisconsin association has serious reservations about some of the administration's proposals for pay reform.

Believing the resolution deserves the consideration of Congress and the members of the Post Office and Civil Service Committees, I request unanimous consent to have the resolution printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Resolved, That the Wisconsin Rural Letter Carriers' Association, representing more than 1,600 regular, substitute, and retired carriers, state unanimously, its strongest possible opposition to the drastic and adverse legislative proposals, affecting these employees of the rural delivery service, as set forth in the administration's pay reform bill, H.R. 10480, now pending before the House Post Office and Civil Service Committee; and be it further

Resolved, That we specifically note objections to the following provisions and shortcomings of that proposal:

1. That it would deny pay increases to thousands of rural letter carriers, while providing increases to every other employee covered by the bill;

2. That it would seriously downgrade the position of rural carrier, resulting in a pay classification for more than one-third of the routes of the Nation (approximately 50 percent of the routes in Wisconsin) which give a niggardly take-home pay of $59 per week for an employee with a wife and two children—certainly a substandard starting wage in today's economy;

3. That it would cut the pay of almost all the rural substitutes in the Nation, many of them by as much as 50 percent;

4. That it establishes an impractical work requirements method of determining rural carrier salaries which would be administratively determined and subject to change each year;

5. That it proposes a saved salary rate clause which is not only misleading, but which is practically worthless insofar as actually providing a saved salary for rural carriers should it become law;

6. That it proposes an administrative method of paying additional equipment allowances which is not only impractical but totally unrealistic insofar as granting the amount of equipment allowance needed to operate our vehicles; and be it further

Resolved, That a copy of this resolution be sent to each member of the congressional delegation of Wisconsin, and to Senators PROXMIRE and WILEY, and that we urge their cooperation in securing favorable committee action in reporting a fair and equitable salary bill for the rural delivery service, and their vote to secure passage of such a bill; and be it further

Resolved, That we express the thanks and appreciation of the membership of this association for whatever assistance they will provide on this issue, as well as for past favors and consideration.

RESOLUTION

MINORITY APPOINTMENTS TO STANDING COMMITTEES

Mr. DIRKSEN submitted the following resolution (S. Res. 363); which was read, considered, and agreed to:

Resolved, That the Senator from New Jersey, Mr. CASE, is hereby excused from further service on the Committee on Commerce; that the Senator from Vermont, Mr. PROUTY, is hereby excused from further service on the Committee on Public Works; that the Senator from New Hampshire, Mr. MURPHY, is hereby excused from further service on the Committee on Interior and Insular Affairs and that the Senator from Kansas, Mr. PEARSON, is hereby excused from further service on the Committee on Rules and Administration; and be it further

Resolved, That the Senator from New Jersey, Mr. CASE, be and he is hereby assigned to service on the Committee on Armed Services; that the Senator from Vermont, Mr. PROUTY, be and he is hereby assigned to service on the Committee on Commerce; that the Senator from New Hampshire, Mr. MURPHY, be and he is hereby assigned to service on the Committee on Public Works; that the Senator from Kansas, Mr. PEARSON, be and he is hereby assigned to service on the Committee on Public Works; and the Senator from South Dakota, Mr. BOTTUM, be and he is hereby assigned to service on the Committee on Interior and Insular Affairs and to the Committee on Rules and Administration.

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE, AND RELATED AGENCIES APPROPRIATION BILL, 1963—AMENDMENTS

Mr. PROXMIRE submitted amendments, intended to be proposed by him, to the bill (H.R. 10904) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1963, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. JAVITS (for himself, Mr. BUSH, Mr. KEATING, Mr. SCOTT, and Mr. DOUGLAS) submitted an amendment, intended to be proposed by them, jointly, to House bill 10904, supra, which was ordered to lie on the table and to be printed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961—CHANGE OF CONFEREE

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the distinguished Senator from Wisconsin [Mr. WILEY] be replaced by the distinguished Senator from Indiana [Mr. CAPEHART] as a conferee on S. 2996, the Foreign Assistance Act. This request is made with the approval of the chairman of the committee and the ranking Republican member of the committee, and

with the approval of the two members of the committee concerned.

The VICE PRESIDENT. Without objection, it is so ordered.

NOTICE OF RECEIPT OF NOMINATION BY COMMITTEE ON FOREIGN RELATIONS

Mr. FULBRIGHT. Mr. President, on behalf of the Committee on Foreign Relations, I desire to announce that today the Senate received the nomination of William R. Tyler, of the District of Columbia, a Foreign Service officer of the class of career minister, to be an Assistant Secretary of State.

In accordance with the committee rule, this pending nomination may not be considered prior to the expiration of 6 days of its receipt in the Senate.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. KEATING:

A citizen's plea to the Senate that the United States redouble its efforts in the battle against disease and illness.

By Mr. HARTKE:

Editorial entitled "All TV Viewers Have a Stake in This Bill," published in the Louisville Courier-Journal of June 10, 1962, relating to the equal-time provision for use of broadcasting facilities by candidates for office.

By Mr. BYRD of Virginia:

Editorial entitled "Stop This Dangerous Trend," published in the Richmond (Va.) Times-Dispatch of July 13, 1962, dealing with the subject of copyright restrictions on the contents of Government publications and documents.

By Mr. WILEY:

Article entitled "What Foreign Countries Can Do for Us," published in This Week magazine for July 15, 1962.

By Mr. ROBERTSON:

Sermon entitled "This Nation Under God," delivered recently by Dr. Carl J. Saunders, pastor of Centenary Methodist Church, Richmond, Va.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MILLS, Mr. KING of California, Mr. O'BRIEN of Illinois, Mr. MASON, and Mr. BYRNES of Wisconsin were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

H.R. 1469. An act for the relief of Mrs. Leslie M. Paterson, Janet Paterson, and Mary Paterson;

H.R. 7369. An act for the relief of Gerda Godin; and

H.R. 11131. An act to authorize certain construction at military installations, and for other purposes.

FIRST ANNUAL GOLDEN ROSE AWARD TO SENATOR MARGARET CHASE SMITH

Mr. AIKEN. Mr. President, tomorrow, the Members of this body will have the pleasure of attending ceremonies honoring one of the most able, popular, and gracious Members of the Senate, MARGARET CHASE SMITH, of Maine.

On this very special occasion, Senator SMITH will be the recipient of the first annual Golden Rose Award, to be presented by Mrs. Doris H. Remis, president of Florists' Telegraph Delivery Association, in token of Senator SMITH's important contributions to public understanding of the use of flowers in our daily lives.

The Florists' Telegraph Delivery Association could have made no better choice for this award than Senator SMITH. All of us here will agree that she completely epitomizes the beauty and the enduring qualities of the flower for which this important award is named.

All of us are familiar with the fact that Senator SMITH has for many years worn a single garnet rose each day, a practice which she began even before her election to Congress, in 1940, as a Member of the House of Representatives. Not only have we come to appreciate this touch of floral beauty as a natural part of our daily lives in this Chamber; we have also come to expect it as a matter of course. To think of MARGARET SMITH without the single, graceful rose she has made the hallmark of her personal taste and discrimination would be as unlikely as to think of her missing a record vote, after she has responded to more than 1,220 consecutive rollcall votes in the Senate.

The decision of the board of directors of Florists' Telegraph Delivery Association to present this first annual Golden Rose Award to Senator SMITH is a timely recognition of the fact that the public has come to think of MARGARET SMITH as both a gracious lady and an able legislator, whose qualities, appreciated by all of us, are uniquely symbolized by the rose she wears.

I know that Senator SMITH's friends in the Senate will share my pleasure in the fact that this additional important honor has come to her, and will join with me in expressing my appreciation to the 11,000 members of this outstanding national organization of florists for this award to Senator MARGARET CHASE SMITH, of Maine.

I know of no person in any branch of Government who more richly deserves to have good things and timely recognition come her way than does MARGARET SMITH.

I am certain that all Members who can possibly do so will wish to join Mrs. Remis and her associates of Florists' Telegraph Delivery Association on the occasion of this tribute to Senator SMITH at 11:30 a.m., on Thursday, July 19, in the Senate conference room of the Capitol. It will, I am certain, be an occasion that will be long and happily remembered by all of us.

Mr. MANSFIELD. Mr. President, will the Senator from Vermont yield?

Mr. AIKEN. I yield.

Mr. MANSFIELD. I wish to join the distinguished senior Senator from Vermont in the remarks he has just made. Not only is he a great horticulturist in his own right, with a national reputation in that field, but he is also a great Senator; and I am delighted to have this opportunity to join him in paying our respects to the distinguished senior Senator from Maine, MARGARET CHASE SMITH. I look forward with anticipation to participating tomorrow in the ceremony which will render honor to this great lady among us.

Mr. AIKEN. Mr. President, I appreciate the remarks of the Senator from Montana.

Mr. JAVITS. Mr. President, will the Senator from Vermont yield?

Mr. AIKEN. I yield.

Mr. JAVITS. Mr. President——

The VICE PRESIDENT. The time available to the Senator from Vermont, under the 3-minute limitation, has expired.

Mr. JAVITS. Mr. President, I ask unanimous consent that the Senator from Vermont may proceed for 1 additional minute.

The VICE PRESIDENT. The Senator from New York can use 3 minutes in his own right, if he so desires.

Mr. AIKEN. Mr. President, I ask unanimous consent for sufficient additional time, so that I may yield to other Senators, for further tributes to our distinguished colleague.

The VICE PRESIDENT. How much time does the Senator from Vermont desire?

Mr. AIKEN. Five minutes, or whatever time may be necessary for that purpose.

The VICE PRESIDENT. Is there objection to the request of the Senator from Vermont for an additional 5 minutes in the morning hour?

Mr. AIKEN. I would even ask unanimous consent to permit the President of the Senate to speak from the chair, if he so desires.

The VICE PRESIDENT. Is there objection to the request of the Senator from Vermont that he be allowed an additional 5 minutes? The Chair hears none; and the Senator from Vermont is recognized for an additional 5 minutes.

Mr. JAVITS. Mr. President, I should like to say "yea, verily" to everything the Senator from Vermont has said about our distinguished colleague, Senator MARGARET CHASE SMITH, of Maine. I, too, would count it an honor to be present at the ceremony tomorrow.

Let me say, also, that coming from New York, it is especially gratifying that the

flower which is honored by virtue of the fact that Mrs. SMITH is named as its most eminent and gracious wearer is also the flower of the State of New York. In addition we are also very happy, indeed, in view of the fact that roses grow in great profusion in the home community of my colleague [Mr. KEATING], which is famous for its roses.

I thank the Senator from Vermont for the opportunity to join in this wonderful tribute to Senator MARGARET CHASE SMITH, of Maine.

Mr. MORTON. Mr. President, will the Senator from Vermont yield 30 seconds to me?

Mr. AIKEN. I yield.

Mr. MORTON. I join the Senator from Vermont in his tribute to our very gracious colleague, Senator MARGARET CHASE SMITH, of Maine.

I do not wish to become involved in a war of roses; but I will see to it that she has some blue grass with which to bedeck the other charming shoulder [Laughter.]

Mr. COTTON. Mr. President, will the Senator from Vermont yield to me?

Mr. AIKEN. I yield.

Mr. COTTON. As a fellow New Englander who has served with Senator MARGARET CHASE SMITH, of Maine, in both the House of Representatives and in this body, I should like to join the distinguished Senator from Vermont in expressing my appreciation of all for which Senator MARGARET CHASE SMITH stands.

It is all very well to talk about roses; and certainly she is entitled to all of the distinction that her devotion to the rose has brought to her. But to those of us who serve with her, she has many qualities which are exemplified by something deeper than the beautiful outward appearance of the rose. She is quiet; she is modest; she is unassuming. In all the years that I have served with her, she has never once, to my knowledge, taken advantage of the fact that she was at times the only woman, or at times one of the few women, in either the House or the Senate, unduly to project herself or the causes in which she believes, by reason of her sex.

She is every inch a Senator, respected and loved by all who know her.

I would add just one word, in a somewhat facetious vein: Certainly it is a privilege and a pleasure to have the seat next to that of Senator MARGARET CHASE SMITH; but the only drawback is that if I leave my seat, even for a few moments, when I return I always find it occupied by some other Senator, either from the other side of the aisle or from this side. It takes me at least an hour to get back into my own seat. [Laughter.]

Mr. KEATING. Mr. President, will the Senator from Vermont yield to me?

Mr. AIKEN. I yield the remainder of the time available to me to the Senator from New York [Mr. KEATING].

Mr. KEATING. Mr. President, it would be rash to seek to vie with the gallant and distinguished Senator from New Hampshire. Like him, I have the pleasure of being seated close to MARGARET CHASE SMITH on the floor of the Senate.

I have had a great interest in the rose for a number of years. As my colleague has stated, in the congressional district which I formerly represented is one of the greatest rose growing areas in the world. Therefore, I was particularly heartened to learn that Senator SMITH was chosen by the Florists' Telegraph Delivery Association to receive the honor conferred on her. It is well merited.

We all love and admire MARGARET CHASE SMITH for her gifts of character, intellect, and friendship, and for her great devotion to her country. I am happy to pay her this well deserved commendation.

Mr. DIRKSEN. Mr. President, in my garden is a sign of which I am so very proud. It says:

The kiss of the sun for pardon,
The song of the birds for mirth;
One is nearer God's Heart in a garden,
Than any place else on earth.

How true that is, and what a joy to bring seed and shrub and sun and soil together to be nurtured by rain and then let nature unfurl all her great beauty which represents every color in the spectrum.

But something has to be added, for when that beauty has been developed by the hand of nature and a devoted gardener, there comes another real joy when someone makes use of the flower to give joy to himself, to herself, and to others. And Senator SMITH, ever since I can remember, has made it possible, not only for herself but for all others, to enjoy the flower for many, many years; and I hope it will last for a long time.

It is not at all strange that countries with the oldest cultures probably excel others when it comes to flower arranging and making the beauty of the flower available to everybody. She has done this in lavish measure. The award she will receive tomorrow will be indeed richly deserved, and I congratulate her.

Mr. CHAVEZ. Mr. President, I wish to join the Senator from Vermont and the other Senators who paid their respects to the good lady who represents Maine in the Senate well and favorably. I know of her activities in committee work. She is a member of the Committee on Appropriations of the U.S. Senate, and I know the part she plays in that committee. She does not ask that Senators be nice to her because she wears a blouse or a nice red dress; she wants them to know that she is a Senator from the State of Maine. I pay my respects to the good Senator.

Mr. WILEY. Mr. President, I have heard the lovely things that have been said about our associate, MARGARET. Through the years I have had the pleasure of knowing her quite well. Everything that has been said, of course, is accurate. I join in all the compliments that have been paid her, and add that I appreciate fully not only her ability, but, as a Senator from the great State of Maine, the contribution she has made on pivotal votes like the vote of yesterday.

So I congratulate her, and the State of Maine for keeping her as a Senator.

Mr. KEFAUVER. Mr. President, tomorrow the Senate will participate in a fine and fitting recognition of the distinguished and outstanding service of Senator MARGARET CHASE SMITH. I have had the privilege of serving in both the House of Representatives and in the Senate with Senator SMITH over a period of many years. She is indeed one of our leading and outstanding citizens.

Mr. KUCHEL. Mr. President, no Member of the U.S. Senate is more gifted, gallant, gracious, able, or attractive than is the distinguished senior Senator from Maine [Mrs. SMITH]. A rose graces her immaculate attire each day, but I must say she graces each rose she wears each day, as well. Surely, she is the logical recipient of the first annual Golden Rose Award.

Mrs. SMITH of Maine. Mr. President, the rose is a lovely flower, and I am delighted that I am to have the privilege of being honored tomorrow. I am especially pleased that my friend, my able and distinguished colleague, the senior Senator from Vermont, made such very generous remarks in referring to me.

I have no words with which to express myself with respect to all the fine things that have been said about me today by my friends in the Senate.

RETIREMENT OF J. EDGAR HOOVER

Mr. DIRKSEN. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial under the caption "Who Will Fill Hoover's Shoes?" which was published in the St. Louis Globe-Democrat.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the St. Louis-Globe-Democrat, July 16, 1962]

WHO WILL FILL HOOVER'S SHOES?

J. Edgar Hoover, Director of the Federal Bureau of Investigation for the last 38 years, is 67 years old. He is only 3 years away from the age of compulsory retirement—unless the President gives him a waiver. The Globe-Democrat strongly believes it is in the national interest to keep Mr. Hoover in his job regardless of age, just as long as he is physically and mentally fit to hold it down.

The FBI Director is an institution in Washington. His flawless handling of one of the most sensitive positions in the Government—and his national reputation—have enabled him to stay on despite changes in administration.

This is fortunate for the country. The FBI is the Nation's first line of defense against Communist infiltration and espionage. This agency has been an effective guardian of the national security without engaging in witch hunts. But it has been effective for two reasons.

One, it has been kept above politics.

Two, its able Director is also a vigilant anti-Communist, who knows that the members of the party, both foreign and domestic, are dedicated enemies of our way of life.

At times, in the past, Mr. Hoover seemed to be the only key Government official in Washington who had the Communist Party's number. Today, there are many who would prefer to class it as merely another political party, like the Republicans or Democrats, and entitled to the same rights and privileges.

Of course, one of these privileges would be freedom from FBI surveillance.

At some time, this important post of FBI Director will have to be filled by another

tives Mills, King of California, O'Brien of Illinois, Mason, and Byrnes of Wisconsin. The conferees were granted permission to file by midnight a conference report thereon. Pages 13027, 13104–13107

Subcommittee To Sit: The Subcommittee on Enrolled Bills and the Library of the Committee on House Administration was granted permission to sit during general debate of the House session on Thursday.

Pages 13029, 13043

Depository Libraries: The bill H.R. 8141, to revise the laws relating to depository libraries, with Senate amendments thereto was taken from the Speaker's table and the House agreed to amendments Nos. 1 through 25 and 27. Amendment No. 26 was agreed to with an amendment and the legislation was returned to the Senate. Pages 13029–13030

Antitrust—Evidence: By a record vote of 202 yeas to 200 nays the House recommitted to the conference committee the conference report on S. 167, to authorize the Attorney General to compel the production of documentary evidence required in civil investigations for the enforcement of the antitrust laws. The recommittal motion instructed the House conferees to insist on House amendments Nos. 2, 4, 7, 14, and 18 through 23.

Pages 13031–13043

Private Bill: Pursuant to a unanimous-consent request S. 2147, a private bill, was restored to the Private Calendar. The bill had been recommitted on Tuesday.

Page 13043

Federal-Aid Highways: By voice votes the House rejected a recommittal motion and passed H.R. 12135, to authorize appropriations for the fiscal years 1964 and 1965 for the construction of certain highways in accordance with title 23 of the U.S. Code. A demand for a separate vote on the Baldwin amendment, to require the State highway department to provide relocation advisory assistance to families displaced by right-of-way acquisitions, resulted in its adoption by a record vote of 236 yeas to 159 nays.

Rejected an amendment relating to restatement of congressional policy on reimbursement to States for certain highways constructed prior to but included in highway system.

H. Res. 723, the open rule under which the legislation was considered, had been adopted earlier by a voice vote.

Pages 13043–13071

Quorum Call and Record Vote: During the proceedings of the House today one quorum call and two record votes developed and they appear on pages 13029, 13042–13043, and 13071.

Program for Thursday: Adjourned at 6:27 p.m. until Thursday, July 19, at 11 o'clock a.m., when the House will consider H.R. 12391, the general farm bill (2 hours of debate).

Committee Meetings

WATERSHED

Committee on Agriculture: Subcommittee on Conservation and Credit continued hearings with testimony from various Representatives on the following watershed projects: Fishing Creek, S.C. (Hemphill); Bajura watershed, Puerto Rico (Fernós-Isern, Resident Commissioner); Dicks Creek-Little Muddy Creek, Ohio (Brown of Ohio and Schenck, accompanied by public witnesses); Kent Creek, Tex. (Rogers of Texas); Nanticoke Creek, N.Y. (Robison); North Branch Mill Creek, Mich. (O'Hara of Michigan); South Sumter, Fla. (Herlong); and Upper Tampa Bay, Fla. (Cramer—statement).

Subcommittee will meet, in executive session, Thursday, July 19.

BANKING

Committee on Banking and Currency: Continued hearings on H.R. 12080, to permit domestic banks to pay interest on time deposits of foreign governments at rates differing from those applicable to domestic depositors. Heard testimony from public witnesses.

DAVIS-BACON ACT

Committee on Education and Labor: Special Subcommittee on Labor continued hearings on administration of the Davis-Bacon Act, and heard testimony from Charles Donahue, Solicitor, Department of Labor.

U.N. BONDS

Committee on Foreign Affairs: Continued hearings on S. 2768, to promote the foreign policy of the U.S. by authorizing the purchase of United Nations bonds and the appropriation of funds therefor. Heard testimony from public witnesses, and adjourned hearings until Thursday, July 19.

INTERIOR-INSULAR AFFAIRS

Committee on Interior and Insular Affairs: Ordered reported favorably to the House the following bills:

S. 4 (amended), to save and preserve, for the public use and benefit, a portion of the remaining undeveloped seashore of the U.S. situated in the State of Texas;

H.R. 7364 (amended), to provide for the conveyance of certain mineral interests of the U.S. in property in South Carolina to the record owners of the surface of that property;

H.R. 9280 (amended), to amend section 2 of the act of July 31, 1947;

H.R. 11049 (amended), to provide for the relief of certain oil and gas lessees under the Mineral Leasing Act;

H.R. 10540 (amended), to exclude deposits of petrified wood from appropriation under the U.S. mining laws;

H.R. 12078 (amended), to provide for settlement of claims of certain residents of the Trust Territory of the Pacific Islands;

H.R. 11952 (amended), to assure payment of just compensation for the use and occupancy of certain lands on Kwajalein and Dalap Islands, Trust Territory of the Pacific Islands; and

H.R. 11953, to authorize the government of the Virgin Islands to issue general obligation bonds.

Also considered, but took no final action on, H.R. 10773, to provide relief for residential occupants of unpatented mining claims upon which valuable improvements have been placed.

AIRCRAFT NOISE

Committee on Interstate and Foreign Commerce: Subcommittee on Transportation and Aeronautics and Subcommittee on Regulatory Agencies held a hearing on the aircraft noise problem. Heard testimony from representatives of the Federal Aviation Agency; and public witnesses.

PRIVATE CLAIMS

Committee on the Judiciary: Subcommittee No. 2 took testimony on several private claim bills.

MERCHANT MARINE

Committee on Merchant Marine and Fisheries: Subcommittee on Merchant Marine, in executive session, ordered reported favorably to the full committee H.R. 11728, to authorize investment of war risk insurance fund in securities of, or guaranteed by, the U.S.

Prior to the executive session, in open hearing, heard Donald W. Alexander, Maritime Administrator, discuss the functioning of the mortgage insurance program under title XI of the Merchant Marine Act of 1936; the status of mortgages under the Ship Sales Act of 1946; and H.R. 11728 (title above).

FEDERAL-AID HIGHWAY PROGRAM

Committee on Public Works: Special Subcommittee on the Federal-Aid Highway Program heard testimony from public witnesses on right-of-way acquisition practices in West Virginia. Hearings continue Thursday, July 19.

ASTRONAUTS

Committee on Science and Astronautics: Special Subcommittee on Qualifications for Astronauts heard testimony from George M. Low, Director, Space Craft and Flight Missions, Office of Manned Space Flight, National Aeronautics and Space Administration; Col. John H. Glenn, Jr., and Comdr. M. Scott Carpenter, Mercury astronauts.

Joint Committee Meetings

AID TO HIGHER EDUCATION

Conferees met in executive session to resolve the differences between the Senate- and House-passed versions of H.R. 8900, authorizing Federal financial assistance for institutions of higher education, but did not reach final agreement, and recessed subject to call.

FOREIGN AID

Conferees, in executive session, agreed to file a conference report on the differences between the Senate- and House-passed versions of S. 2996, proposed Foreign Assistance Act of 1962. Listed below is a table setting forth amounts agreed upon by the conferees, and adjustments against the Senate bill and House amendment.

Activity	Conference agreement	Adjustment against Senate bill	Adjustment against House amendment
Development grants, sec. 212	$300,000,000	.....	.....
Investment guarantees, sec. 222(f)	(1)	−$100,000,000	.....
Investment surveys, sec. 232	2,000,000	−3,000,000	+$500,000
Alliance for Progress, sec. 252:			
For fiscal year 1963	600,000,000	.....	.....
For fiscal years 1964–66	1,800,000,000	−600,000,000	.....
International organizations, sec. 302	148,900,000	.....	.....
Supporting assistance, sec. 402	415,000,000	+15,000,000	−25,000,000
Contingency fund, sec. 451(a)	300,000,000	.....	+25,000,000
Administrative expenses, sec. 637(a)	53,000,000	−2,000,000	+3,000,000
Total	3,618,900,000	−690,000,000	+3,500,000
Total for fiscal year 1963 only (excludes Alliance for Progress for fiscal years 1964–66)	1,818,900,000	−90,000,000	+3,500,000

[1] Blanket authority.

PUBLIC WELFARE AMENDMENTS

Conferees, in executive session, agreed to file a conference report on the differences between the Senate- and House-passed versions of H.R. 10606, proposed Public Welfare Amendments of 1962.

July 19, 1962 No 123

SENATE

11. FOREIGN AID. Began debate on the conference report on S. 2996, the foreign aid authorization bill, rejecting a motion by Sen. Morse to postpone consideration of the conference report until Aug. 1, and a motion by Sen. Lausch to recommit the conference report to committee. Agreed to vote on adoption of the conference report today, July 20. pp. 13121-145, 13148-52, 13156, 13161-2, 13164, 13169-73

12. MONOPOLIES; DRUGS. Reported with amendment S. 1552, to amend and supplement the antitrust laws with respect to the manufacture and distribution of drugs (S. Rept. 1744). p. 13112

13. RECLAMATION. Reported with amendments S. 284, to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colo. (S. Rept. 1742). p. 13112

14. PUBLIC ASSISTANCE; SOCIAL SECURITY. Received and agreed to the conference report on H. R. 10606, to extend and improve the public assistance and child welfare services programs of the Social Security Act (pp. 13166-8). This bill will now be sent to the President.

15. LANDS; MINERALS. The Interior and Insular Affairs Subcommittee on Public Lands approved for full committee consideration H. R. 10566, amended, to provide for the withdrawal of mineral interests in 425,000 acres of public lands in Pima County, Ariz. p. D608

16. FARM LABOR. Sen. Smith, Mass., urged immediate action on legislation to improve migratory farmworker problems and inserted an article, "Dusty Road for the Migrant." p. 13120

17. CONSUMERS. Sen. Javits commended the President's appointment of a Consumers' Advisory Council and inserted two articles on this subject. pp. 13152-3

18. FOREIGN TRADE. Sen. Engle discussed his proposed amendment to the foreign trade bill which would maintain present tariff rates on certain fruit and tree nut crops and products. p. 13114

19. NOMINATION. The "Daily Digest" states that the Finance Committee ordered favorably reported the nomination of Anthony J. Celebrezze to be Secretary of HEW. p. D608

ITEMS IN APPENDIX

20. WILDLIFE. Extension of remarks of Sen. Yarborough inserting an article commending Judge Marvin Jones for his ruling to protect wild geese. p. A5539

21. FOREST PRODUCTS. Extension of remarks of Sen. Neuberger supporting S. 3105, to alter the jurisdiction of the Jones Act, and inserting two articles describing depression of the lumber industry. pp. A5549-50

22. BUDGET. Extensions of remarks of Reps. Derounian and Griffiths inserting articles which stress the dangers of excessive government spending. pp. A5555, A5557

23. IRRIGATION. Extension of remarks of Rep. Quie inserting an editorial criticizing Congress for approving both irrigation and production reduction projects. p. A5557

24. PERSONNEL. Extension of remarks of Rep. Multer inserting his remarks supporting H. R. 1056, to provide increased annuities for Federal employees. p. A5561

25. OPINION POLL. Extension of remarks of Rep. Ryan inserting an opinion poll on national economic questions. p. A5562

26. ELECTRIFICATION. Extension of remarks of Rep. Hosmer inserting an article opposing regional power preference bills. pp. A5562-3

BILLS INTRODUCED

27. TAXATION; FARM MACHINERY. H. R. 12611 by Rep. Blatnik, to amend the Internal Revenue Code of 1954 to provide an exemption from the highway use tax in the case of certain trucks and other vehicles which are used primarily for hauling unprocessed farm and forest products from their place of production to market or mill; to Ways and Means Committee.

H. R. 12612, by Rep. Blatnik, to provide for the abatement of certain penalties and interest otherwise payable with respect to the highway use tax in the case of certain motor vehicles used primarily for hauling unprocessed farm and forest products from their place of production to market or mill; to Ways and Means Committee.

28. CLAIMS. H. R. 12625, by Rep. King, Utah, to amend the tort claims procedure of title 28, United States Code, so as to afford a remedy in cases in which agencies of the United States issue public statements which libel or slander persons or misrepresent subject matter involved in investigations or proceedings conducted by such agencies; to Judiciary Committee

29. HOUSING. H. R. 12628, by Rep. Rains, to provide additional funds under section 202(a)(4) of the Housing Act of 1959, and to amend title V of the Housing Act of 1949, in order to provide low and moderate cost housing both urban and rural for the elderly; to Banking and Currency Committee.

BILLS APPROVED BY THE PRESIDENT

30. PUBLIC WORKS. S. J. Res. 68, providing for the designation of the week beginning October 14, 1962, as "National Public Works Week." Approved July 18, 1962 (Public Law 87-536).

31. HONEYBEES; SUGAR. H. R. 8050, to regulate the importation of adult honeybees and provide for additional sugar allocations (see Digest No. 113). Approved July 19, 1962 (Public Law 87-539).

32. WHEAT REFERENDUM. H. J. Res. 809, to extend until Aug. 31 the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning July 1, 1963. Approved July 19, 1962 (Public Law 87-540).

0

COMMITTEE HEARINGS JULY 20:
Agricultural appropriation bill, H. Appropriations (exec).
Second supplemental appropriations, conferees (exec).
Estes investigation, S. Gov't Operations.
Federal pay bills, S. Post Office and Civil Service.

oOo

instead, launched a political issue. Perhaps this is the way that things get settled in a democracy. Apparently the Senate was not convinced of the virtues of this particular plan for financing some of the costs of medical attention for aged people out of a social security tax. It now will be necessary to convince the public that there is a real need of meeting that need. The campaign of persuasion that now takes place, before it is over, may persuade the country and the Congress that a program of much greater sweep and coverage is necessary. It will not be surprising if some Congress hereafter goes a great deal further and faster than the administration wished to go in this bill.

Much as the measure would have improved upon existing assistance, it did not provide sufficiently for one of the most anguishing medical needs of the aged—hospital and medical care during long periods of terminal illness. The calamity of this kind of illness is the despair of countless families who find their financial resources exhausted in a futile combat with the diseases of advancing age. When protracted affliction strikes the aged in their last years, none but the most fortunate families can live up to their obligations to the dying without disregarding their obligations to the living.

The pressures of such anguishing experiences account for the emotional involvement in the medicare proposals. The longer Government defers amelioration of these needs, the greater the risk that they will generate pressures for much more radical proposals. The very tentative, modest, and mild suggestions of the administration then will be scorned. The King Canutes of the American Medical Association may find themselves the real architects of solutions that menace the integrity of private medical practice and hospital care.

There no longer is any real doubt that Government in this country sooner or later will undertake some kind of plan to meet at least a part of the needs of hospital and medical care of the aged. The sooner it makes a response to the legitimate claims of the aged, the more likely it is that the country can have a plan that is soundly financed, conservatively planned, and professionally sound.

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS, 1963

Mr. PELL. Mr. President, I would like to comment on a paragraph on page 5 of the Appropriations Committee report of the Labor, and Health, Education, and Welfare appropriation bill which reads:

The committee is concerned with the mounting cost of the employment security program, and in the interest of economy and efficiency, it is essential that administration of the unemployment compensation and employment services be directed and coordinated, geared to local conditions, at all levels.

The distinguished Senator from Alabama [Mr. HILL], who is chairman of the subcommittee which held hearings on this bill, assured us that this paragraph is in no way mandatory. In reply to a question from my able senior colleague, Senator PASTORE, Senator HILL stressed that the States themselves would continue to decide on the best manner in which to administer these programs. I was indeed pleased to note the comments of the distinguished Senator from Alabama.

When considering the rising costs of these programs, I believe we should bear in mind that the increase in our population and consequent rise in the numbers of our work force, plus the growing complexity of our labor markets explain, to a considerable degree, the increased costs of administration.

I am informed that within the past year efforts have been made to strengthen and improve the Public Employment Service. Steps have been taken to reorganize and, frequently, to relocate employment offices so that they might be directly geared to local conditions. One problem has been the congestion experienced when unemployment claims as well as applications for work are processed in the same physical quarters. Actually, in some States, the performance of both the unemployment compensation and employment service programs has improved markedly when these operations have been operated from different offices. For example, in my own State of Rhode Island, in the Providence area, we have adopted the policy of separating these two services. Employment placements there increased 27.3 percent in the last year alone.

I am, of course, always concerned with efficiency in the administrative costs of Government operations. In this particular situation, however, I am pleased, indeed, to note Senator HILL's comments that passage of the Labor, Health, Education, and Welfare appropriations bill would in no way discourage this separation of the unemployment compensation and employment service programs when appropriately suited to local conditions within a State.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, is there morning business to be submitted at this time?

The PRESIDENT pro tempore. Is there morning business to be submitted? If not, morning business is closed.

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS, 1963

Mr. MANSFIELD. Mr. President, I move that the unfinished business be laid before the Senate and be made the pending business.

The motion was agreed to and the Senate resumed the consideration of the bill (H.R. 10904) making appropriations for the Departments of Labor, and Health, Education, and Welfare for the fiscal year ending June 30, 1963, and for other purposes.

The PRESIDENT pro tempore. The question is on agreeing to the Proxmire amendments.

FOREIGN AID ASSISTANCE ACT OF 1962—CONFERENCE REPORT

Mr. MANSFIELD. Mr. President, I understand that the Senator from Alabama [Mr. SPARKMAN] is prepared to submit a conference report at this time. If he will do so, then I should like to have a quorum call, so that more Senators may be present.

Mr. SPARKMAN. Mr. President, let me ask whether the papers on the conference report are now at the desk.

The PRESIDENT pro tempore. They are not now at the desk.

Mr. SPARKMAN. We can obtain them in just a moment.

Mr. MANSFIELD. Mr. President, in the meantime, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDENT pro tempore. The report will be read for the information of the Senate.

The Chief Clerk read the report, as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That this Act may be cited as the 'Foreign Assistance Act of 1962'.

"PART I—ACT FOR INTERNATIONAL DEVELOPMENT OF 1961

"Chapter 1—Short title and policy

"SEC. 101. (a) The fifth paragraph of section 102 of the Foreign Assistance Act of 1961, as amended, containing a statement of policy, is amended by inserting in the fifth paragraph, immediately after 'religion.', the following: 'The Congress further declares that any distinction made by foreign nations between American citizens because of race, color, or religion in the granting of, or the exercise of, personal or other rights available to American citizens is repugnant to our principles.'

"(b) Such section is further amended by inserting after the seventh paragraph the following:

" 'It is the sense of Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military or propaganda efforts, supported by the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this Act.'

"'The Congress further declares that in the administration of programs of assistance under this Act, the highest practicable emphasis should be given to: programs providing for loans or loan guarantees for use by institutions and organizations in making repayable low-interest rate loans to individuals in friendly foreign countries for the purchase of small farms, the purchase of homes, the establishment, equipment and strengthening of small independent business concerns, purchase of tools or equipment needed by individuals for carrying on an occupation or a trade, or financing the opportunity for individuals to obtain practical education in vocational and occupational skills, and to those programs of technical assistance and development which will assist in carrying out and in preparing a favorable environment for such programs. While recognizing that special requirements, differing development needs and political conditions in various assisted countries will affect the priority of such programs and of each country's relative ability to implement them, it is further the sense of Congress that each such assisted country should be encouraged to give adequate recognition to such needs of the people in the preparation of national development programs.'

"(c) Such section is further amended by inserting at the end of the last paragraph the following new sentence: 'It is the sense of Congress that, where feasible, the United States Government invite friendly nations to join in missions to consult with countries which are recipients of assistance under this part on the possibilities for joint action to assure the effective development of plans for the economic development of such recipient countries and the effective use of assistance provided them; and that the President may request the assistance of international financial institutions in bringing about the establishment of such missions.'

"Chapter 2—Development assistance

"Title I—Development Loan Fund

"SEC. 102. Section 201 of the Foreign Assistance Act of 1961, as amended, which relates to general authority with respect to development loans is amended by adding at the end thereof the following:

"'(e) In carrying out this title, the President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of $100,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or setaside that it is in the national interest to use such funds pursuant to multilateral plans.'

"Title II—Development Grants and Technical Cooperation

"SEC. 103. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

"(a) In section 211, which relates to general authority, add a new subsection (c) as follows:

"'(c) Not to exceed $1,000,000 of the funds made available for the purposes of this section in any fiscal year may be used for programs designed to promote the peaceful uses of atomic energy outside the United States and such programs may be carried out only in accordance with the requirements of this section.'

"(b) In section 212, which relates to authorization, strike out '1962' and '$380,000,000' and substitute '1963' and '$300,000,000', respectively.

"(c) Strike out section 213, which relates to atoms for peace.

"Title III—Investment Guaranties

"SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

"(a) Amend section 221(b) which relates to general authority, as follows:

"(1) In paragraph (1) strike out '$1,000,000,000' in the proviso and substitute '$1,300,000,000'.

"(2) In paragraph (2) strike out the words preceding the first proviso and insert in lieu thereof the following: 'where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of any loan investment for housing projects with appropriate participation by the private investor in the loan risk and in accordance with the foreign and financial policies of the United States, or assuring against loss of not to exceed 75 per centum of any other investment due to such risks as the President may determine, upon such terms and conditions as the President may determine'.

"(3) In paragraph (2) strike out '$90,000,000' in the third proviso and substitute '$180,000,000', and after the word 'guaranty' insert the following: 'in the case of a loan shall exceed $25,000,000 and no other such guaranty'.

"(b) Amend section 222, which relates to general provisions, as follows:

"(1) In subsection (d) insert ', and out of funds made available pursuant to this title' before the period.

"(2) Add the following new subsection (f):

"'(f) There is hereby authorized to be appropriated to the President such amounts, to remain available until expended, as may be necessary from time to time to carry out the purposes of this title.'

"(c) Amend section 224, which relates to housing projects in Latin American countries, as follows:

"(1) In subsection (b) strike out '$10,000,000' in the second sentence and substitute '$60,000,000'.

"(2) In subsection (c) strike out 'and (e)' and substitute '(e), and (f)'.

"Title IV—Surveys of Investment Opportunities

"SEC. 105. Section 232 of the Foreign Assistance Act of 1961, as amended, which relates to surveys of investment opportunities, is amended by striking out '1962' and '$5,000,000' and substituting '1963' and '$2,000,000', respectively.

"Alliance for Progress

"SEC. 106. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development assistance, is amended by adding at the end a new title VI, as follows:

"'Title VI—Alliance for Progress

"'SEC. 251. GENERAL AUTHORITY.—(a) It is the sense of the Congress that the historic, economic, political, and geographic relationships among the American peoples and Republics are unique and of special significance and that the Alliance for Progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relationships among them. It is further the sense of Congress that vigorous measures by the countries and areas of Latin America to mobilize their own resources for economic development and to adopt reform measures to spread the benefits of economic progress among the people are essential to the success of the Alliance for Progress and to continued significant United States assistance thereunder. The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

"'(b) Assistance furnished under this title shall be directed toward the development of human as well as economic resources. In furnishing assistance under this title, the President shall take into account (1) the principles of the Act of Bogotá and the Charter of Punta del Este, and in particular the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures; (2) the economy and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives; and (4) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved. In making loans under this title from funds which are required to be used for loans payable as to principal and interest in United States dollars, the President shall take into account, in addition to the considerations named in the preceding sentence, whether financing could be obtained in whole or in part from other free world sources on reasonable terms and the efforts made by recipient nations to repatriate capital invested in other countries by their own citizens. The provisions of sections 201(d), 202(b), 202(c), and 204 shall be applicable to such loans, and they shall be made only upon a finding of reasonable prospects of repayment.

"'(c) The authority of section 614(a) may not be used to waive the requirements of this title with respect to funds made available for this title which are required to be used for loans payable as to principal and interest in United States dollars, and the authority of section 610 may be used to transfer such funds only to funds made available for title I of chapter 2 of part I.

"'(d) In order to carry out the policies of this Act and the purpose of this title, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to insuring a wider and more equitable distribution of the ownership of land.

"'(e) The President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of 100,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economical and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans.

"'(f) In furnishing assistance under this title, consistently with and for the purposes of section 601(b)(4) of this Act, the Agency for International Development or any other departments and agencies designated by the President shall provide such assistance as may be determined by the President to be necessary from time to time in order to make effective the efforts of the Commerce Committee for the Alliance for Progress, established under the Department of Commerce.

"'SEC. 252. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, for use beginning in each of the fiscal years 1963 through 1966, not to exceed $600,000,000 for each such fiscal year which

sums are authorized to remain available until expended and which, except for not to exceed $100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1963, shall be available only for loans payable as to principal and interest in United States dollars. In presenting requests to the Congress for authorizations for appropriations for fiscal years 1964 through 1966 to carry out other programs under this Act, the President shall also present the program proposed to be carried out from funds appropriated pursuant to the authorization contained in this section for the respective fiscal year.

"'SEC. 253. FISCAL PROVISIONS.—All remade under this title and from loans made ceipts in United States dollars from loans for the benefit of countries and areas of Latin America under title I of chapter 2 of part I of this Act, notwithstanding section 203, shall be available for use for loans payable as to principal and interest in United States dollars in furtherance of the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.'

"Chapter 3—International organizations and programs

"SEC. 107. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striki..g out '1962' and '$153,500,000" and substituting '1963' and '$148,900,000', respectively.

"Chapter 4—Supporting assistance

"SEC. 108. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out '1962' and '$465,000,000' and substituting '1963' and '$415,000,000', respectively.

"Chapter 5—Contingency fund

"SEC. 109. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended as follows:

"(a) Amend subsection (a) by striking out '1962' and substituting '1963'.

"(b) Amend subsection (b) by striking out 'keep' and substituting 'provide quarterly reports to' and by striking out 'currently informed for the use' and substituting 'on the programing and the obligation'.

"Chapter 6—Assistance to agrarian economies

"SEC. 110. Section 461 of the Foreign Assistance Act of 1961, as amended, which relates to assistance to countries having agrarian economies, is amended by adding at the end thereof the following: 'In such country emphasis shall be placed also upon programs of community development which will promote stable and responsible governmental institutions at the local level.'

"PART II—INTERNATIONAL PEACE AND SECURITY ACT OF 1961

"Chapter 1—Military assistance

"SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

"(a) In section 506, which relates to conditions of eligibility, add the following new subsections:

"'(c) The President shall regularly reduce and, with such deliberate speed as orderly proccdure and other relevant considerations, including prior commitments, will permit, shall terminate all further grants of military equipment and supplies to any country having sufficient wealth to enable it, in the judgment of the President, to maintain and equip its own military forces at adequate strength, without undue burden to its economy.

"'(d) Any country which hereafter uses defense articles or defense services furnished such country under this Act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance Act, in substantial violation of the provisions of this chapter or any agreements entered into pursuant to any of such Acts shall be immediately ineligible for further assistance.'

"(b) In section 507(a), which relates to sales, insert 'not less than' before 'the value' in the first sentence.

"(c) In section 507(b), add a new sentence to read as follows: 'No sales of unclassified defense articles shall be made to the government of any economically developed nation under the provisions of this subsection unless such articles are not generally available for purchase by such nations from commercial sources in the United States: *Provided, however,* That the Secretary of Defense may waive the provisions of this sentence when he determines that the waiver of such provisions is in the national interest.'

"(d) In section 510(a), which relates to special authority, strike out '1962' in the first and second sentences and substitute '1963'.

"PART III

"Chapter 1—General provisions

"SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

"(a) In section 610, which relates to transfers between accounts, designate the present language as subsection (a) and add the following new subsection:

"'(b) The authority contained in this section and in sections 451, 510, and 614 shall not be used to augment appropriations made available pursuant to sections 636(g)(1) and 637 or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses.'

"(b) In section 611(a), which relates to completion of plans and cost estimates, strike out 'and II' and substitute ', II, and VI'.

"(c) Strike out section 618, which relates to economic assistance to Latin America, and substitute a new section 618 as follows:

"'SEC. 618. USE OF SETTLEMENT RECEIPTS.—United States dollars directly paid to the United States under the Agreement Between the United States of America and Japan Regarding the Settlement of Postwar Economic Assistance to Japan may be appropriated or otherwise made available to the President in any appropriation Act, within the limitations of part I of this Act, to carry out the provisions of that part.'

"(d) Amend section 620, which relates to restrictions on assistance to certain countries, as follows:

"(1) Amend the first sentence of subsection (a) to read as follows: 'No assistance shall be furnished under this Act to the present government of Cuba; nor shall any such assistance be furnished to any country which furnishes assistance to the present government of Cuba unless the President determines that such assistance is in the national interest of the United States.'

"(2) Amend subsection (c) to read as follows:

"'(c) No assistance shall be provided under this Act to the government of any country which is indebted to any United States citizen or person for goods or services furnished or ordered where (i) such citizen or person has exhausted available legal remedies, which shall include arbitration, or (ii) the debt is not denied or contested by such government, or (iii) such indebtedness arises under an unconditional guaranty of payment given by such government, or any predecessor government, directly or indirectly, through any controlled entity: *Provided,* That the President does not find such action contrary to the national security.'

"(3) Add the following new subsections:

"'(e) The President shall suspend assistance to the government of any country to which assistance is provided under this Act when the government of such country or any governmental agency or subdivision within such country on or after January 1, 1962—

"'(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

"'(2) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency or government subdivision fails within a reasonable time (not more than six months after such action or after the date of enactment of this subsection, whichever is later) to take appropriate steps, which may include arbitration, to discharge its obligations under international law toward such citizen or entity, including equitable and speedy compensation for such property in convertible foreign exchange, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be, and such suspension shall continue until he is satisfied that appropriate steps are being taken and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

"'(f) No assistance shall be furnished under this Act, as amended, (except section 214(b)) to any Communist country. This restriction may not be waived pursuant to any authority contained in this Act unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international communism. For the purposes of this subsection, the phrase 'Communist country' shall include specifically, but not be limited to, the following countries:

"'Peoples Republic of Albania,
"'Peoples Republic of Bulgaria,
"'Peoples Republic of China,
"'Czechoslovak Socialist Republic,
"'German Democratic Republic (East Germany),
"'Estonia,
"'Hungarian Peoples Republic,
"'Latvia,
"'Lithuania,
"'North Korean Peoples Republic,
"'North Vietnam.
"'Outer Mongolia-Mongolian Peoples Republic,
"'Polish Peoples Republic,
"'Rumanian Peoples Republic,
"'Tibet,
"'Federal Peoples Republic of Yugoslavia.
"'Cuba, and
"'Union of Soviet Socialist Republics.

"'(g) Notwithstanding any other provision of law, no monetary assistance shall be made available under this Act to any government or political subdivision or agency of such government which will be used to compensate owners for expropriated or nationalized property and, upon finding by the President that such assistance has been used by any government for such purpose, no further assistance under this Act shall be furnished to such government until appropriate reimbursement is made to the United States for sums so diverted.

"'(h) The President shall adopt regulations and establish procedures to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries.'

"Chapter 2—Administrative provisions

"SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

"(a) In section 621, which relates to exercise of functions, delete '(a)' and strike out subsections (b), (c), (d), and (e).

"(b) Amend section 624, which relates to statutory officers, by striking out subsection (d) and redesignating subsection (e) as subsection '(d)', inserting in paragraph 2 (A) of redesignated subsection (d) ', and programs being conducted by United States Government agencies under Public Law 86–735,' after 'Peace Corps', and inserting in paragraphs (5) and (7) of redesignated subsection (d) ', and Public Law 86–735' after 'part II of this Act'.

"(c) Amend section 625, which relates to employment of personnel, as follows:

"(1) In subsection (b) strike out 'seventy-six' in the first sentence and substitute 'one hundred and ten'.

"(2) In subsection (d) add the following proviso before the period at the end of paragraph (2) *': Provided further,* That, whenever the President determines it to be important for the purposes of this Act, the President may initially assign personnel under this paragraph for duty within the United States for a period not to exceed two years for the purpose of preparation for assignment outside th United States; however, the authority contained in this proviso may not be exercised with respect to more than thirty persons in the aggregate.'

"(3) Amend subsection (f) to read as follows:

"'(f) Funds provided for in agreements with foreign countries for the furnishing of services under this Act with respect to specific projects shall be deemed to be obligated for the services of personnel employed by agencies of the United States Government (other than the agencies primarily responsible for administering part I or part II of this Act) as well as personnel not employed by the United States Government.'

"d) In section 629(b), which relates to status of personnel detailed, strike out '624(e)' in the first sentence and substitute '624(d)'.

"(e) In section 634(a), which relates to reports and information, insert the following before the period at the end of the second sentence: 'and on progress under the freedom of navigation and nondiscrimination declaration contained in section 102'.

"(f) (1) In section 634(d), which relates to reports and information, strike out 'In January of each year' and 'preceding twelve months' in the first sentence and substitute 'At the end of each fiscal year' and 'fiscal year' respectively.

"(2) After the first sentence of such section 634(d) insert the following: 'There shall also be included in the presentation material submitted to the Congress during its consideration of amendments to this Act, or of any Act appropriating funds pursuant to authorizations contained in this Act, a comparison of the current fiscal year programs and activities with those presented to the Congress in the previous year and an explanation of any substantial changes.'

"(g) In section 635(h), which relates to general authorities, strike out 'and V' and substitute ', V, and VI' and strike out 'made'.

"(h) Amend section 637, which relates to administrative expenses, as follows:

"(1) In subsection (a) strike out '1962' and '$50,000,000' and substitute '1963' and '$53,000,000', respectively.

"(2) In subsection (b) strike out 'to the Secretary of State'.

"Chapter 3—Miscellaneous provisions

"SEC. 303. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended as follows:

"(a) Section 643, which relates to saving provisions, is amended by striking out subsection (d).

"(b) Section 644(m), which relates to definitions, is amended by striking out 'as grant assistance' in subparagraphs (2) and (3).

"(c) Section 645, which relates to unexpended balances is amended by inserting 'this Act or' after 'pursuant to'.

"PART IV—AMENDMENTS TO OTHER LAWS

"SEC. 401. Part IV of the Foreign Assistance Act of 1961, as amended, is repealed, which repeal shall not be deemed to affect amendments contained in such part.

"SEC. 402. Section 2 of the Act of August 1, 1956 (70 Stat. 890), as amended, is further amended by adding after paragraph (a) the following new paragraph:

"'(b) for the purpose of promoting and maintaining friendly relations with foreign countries through the prompt settlement of certain claims, settle and pay any meritorious claim against the United States which is presented by a government of a foreign country for damage to or loss of real or personal property of, or personal injury to or death of, any national of such foreign country: *Provided,* That such claim is not cognizable under any other statute or international agreement of the United States and can be settled for not more than $15,000 or the foreign currency equivalent thereof.'

"SEC. 403. Section 102(a)(3) of the Mutual Educational and Cultural Exchange Act of 1961 (Public Law 87–256, approved September 21, 1961) is hereby amended by inserting the word 'abroad' after the word 'expositions'. The amendment made by this section shall not be applicable with respect to any fair or exposition within the United States for which an appropriation has been provided.

"SEC. 404. The first section of the Act authorizing participation in the Interparliamentary Union (22 U.S.C. 276) is amended to read as follows:

"'An appropriation of $48,000 annually is authorized, $21,000 of which shall be for the annual contributions of the United States toward the maintenance of the Bureau of the Interparliamentary Union for the promotion of international arbitration; and $27,000, or so much thereof as may be necessary, to assist in meeting the expenses of the American group of the Interparliamentary Union for each fiscal year for which an appropriation is made, such appropriation to be disbursed on vouchers to be approved by the President and the executive secretary of the American group'."

And the House agree to the same.

J. W. FULBRIGHT,
JOHN SPARKMAN,
H. H. HUMPHREY,
MIKE MANSFIELD,
B. HICKENLOOPER,
GEORGE AIKEN,
HOMER E. CAPEHART,
Managers on the Part of the Senate.

THOMAS E. MORGAN,
CLEMENT J. ZABLOCKI,
WAYNE L. HAYS,
ROBERT B. CHIPERFIELD,
WALTER H. JUDD,
Managers on the Part of the House.

The PRESIDENT pro tempore. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

The PRESIDENT pro tempore. The question is on agreeing to the report.

Mr. SPARKMAN. Mr. President——

Mr. MANSFIELD. Mr. President, if the Senator from Alabama will yield——

Mr. SPARKMAN. I yield.

Mr. MANSFIELD. I should like to suggest the absence of a quorum; and I ask the attachés of the Senate, on both sides, to notify Senators that the Senate is considering the conference report.

Mr. SPARKMAN. Certainly.

Mr. MANSFIELD. Then, Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, is the conference report on S. 2996 before the Senate?

The PRESIDENT pro tempore. The question is on agreeing to the report.

Mr. SPARKMAN. Mr. President, although there were more than 50 differences of language between the House version of the Foreign Assistance Act of 1962 and the Senate version, the number of important differences was rather minor. I shall, therefore, confine my remarks to the more important problems considered by the conferees.

AMOUNTS

The Senate authorized the appropriation of a total of $4.3 billion. The House authorized the appropriation of $3.6 billion. The committee of the conference agreed on a final figure of $3.6 billion.

On the face of it, this looks as though the Senate conferees had accepted the House version. However, the principal difference in the amounts authorized relates to the funds to be made available for the Alliance for Progress in the years 1964 through 1966.

Senators will recall that the President had asked for a 4-year authorization of funds for the Alliance for Progress. The first year he asked for authorization of $600 million; and for the next 3 years he had asked for authorization of $800 million each year. The conferees agreed on the amount of $600 million for the first year and authorized the amount of $600 million for each of the next 3 years. Although this would appear to be a reduction of $200 million in each of the 3 years for the Alliance for Progress, as a practical matter it was the understanding of the conferees, and it is our expectation, that if authorization for more than $600 million is needed in future years, the administration will so request and the Congress will give its presentation most sympathetic consideration because there appears to be widespread support for the Alliance for Progress.

With respect to the Contingency Fund, the House had authorized $275 million and the Senate $300 million. The House accepted our figure. In the category of "Supporting assistance," the Senate had authorized $400 million and the House

$440 million. The conferees agreed to authorize a total of $415 million for "Supporting assistance."

There were certain other minor shifts in funds authorized which I shall not discuss at this point. I ask unanimous consent, however, that a table of assistance funds be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Foreign assistance funds, fiscal year 1963

Activity	Fiscal year 1962 [1] appropriation	Executive request	S. 2996	H.R. 11921	Conference agreement
Development grants, sec. 212	$296,600,000	$335,000,000	$300,000,000	$300,000,000	$300,000,000
Investment guaranties, sec. 222(f)		100,000,000	100,000,000	[2]	[2]
Investment surveys, sec. 232	1,500,000	5,000,000	5,000,000	1,500,000	2,000,000
Alliance for Progress, sec. 252:					
For fiscal year 1963	[3]	600,000,000	600,000,000	600,000,000	600,000,000
For fiscal years 1964–66		2,400,000,000	2,400,000,000	1,800,000,000	1,800,000,000
International organizations, sec. 302	153,500,000	148,900,000	148,900,000	148,900,000	148,900,000
Supporting assistance, sec. 402	425,000,000	481,500,000	400,000,000	440,000,000	415,000,000
Contingency fund, sec. 451(a)	275,000,000	400,000,000	300,000,000	275,000,000	300,000,000
Administrative expenses, sec. 637(a)	47,500,000	55,000,000	55,000,000	50,000,000	53,000,000
Total	1,199,100,000	4,525,400,000	4,308,900,000	[4] 3,615,400,000	3,618,900,000
Total for fiscal year 1963 only (excludes Alliance for Progress for fiscal year 1964–66)		2,125,400,000	1,908,900,000	[4] 1,815,400,000	1,818,900,000

[1] This does not include appropriations for development loans (sec. 202(a)), military assistance (sec. 504(a)), and administrative expenses for State (sec. 637(b)) for which there is continuing authorization.
[2] The Committee on Foreign Affairs reported $100,000,000. This was amended on the floor to provide continuing authorizatiou with no amount specified.
[3] This was not a separate AID category in 1962.
[4] Totals do not include sums authorized for investment guranties. Senate provided $100,000,000; House authorized such amounts as may be necessary.

EXPROPRIATION

Mr. SPARKMAN. Mr. President, the Committee on Foreign Relations, as well as the Senate, gave a great deal of attention to the subject of expropriation. Members will recall that the language submitted to the Senate by the committee was strengthened on the floor by several amendments. The House of Representatives also devoted a great deal of attention to this subject. Both the House and Senate versions contained strong protection for American investors abroad and the President was not permitted to waive such protection. After prolonged discussion in the conference committee, it was agreed by the conferees that the language of the House on the subject of expropriation would be accepted with two minor amendments. The language in the bill submitted by the conferees states flatly that the President is to suspend assistance when any Government or agency thereof has nationalized or expropriated property, or practices discrimination against property owned by American citizens.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. AIKEN. I hope the Senator will point out that we are taking some risk in regard to this particular provision relating to expropriation. We all agree that no country should be permitted, offhand, to expropriate American investments or property without proper recompense. However, it is entirely possible, and we should so understand, that the provision may result in eliminating aid to some countries which we might be very desirous of assisting. I have in mind particularly Brazil, which is made up of different states. The governors of those States, like the Governors of our own 50 States, do not all agree with the Federal Government of Brazil.

It would be possible, I believe, under the provision, for a governor of a certain State of Brazil to expropriate American property and refuse to pay, for the purpose of getting the Federal Government of Brazil into difficulty.

In other countries, as in the United States, a State may have the power to expropriate for State needs. I merely point that out. I am not very happy about this provision, although I am in accord with the purpose of it. As it is written, it conceivably could get us into trouble. I think we ought to understand that now.

Mr. SPARKMAN. Of course, that would be possible. I believe the Senator from Vermont will agree with me that we wrestled with all these different angles and facets and came to the conclusion that this language was about the best solution.

Mr. AIKEN. We had to do something to prevent wholesale expropriation of American investments all over the world.

Mr. SPARKMAN. The Senator is correct.

Mr. AIKEN. That was very evident. I am pointing out the possible danger. In countries which are comprised of separate states, in which each state has the power of expropriation, it would be possible for one of those states to expropriate.

Mr. SPARKMAN. To embarrass the central government.

Mr. AIKEN. For the purpose of embarrassing its own federal government.

Mr. SPARKMAN. The Senator is correct.

Mr. HRUSKA. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. I yield to the Senator from Nebraska.

Mr. HRUSKA. Is expropriation any less expropriation because it is exercised by an individual state of a national government?

Mr. AIKEN. Not at all.

Mr. HRUSKA. No less than if exercised by the national government itself.

Mr. SPARKMAN. I think what the Senator from Vermont pointed out is that our own Federal Government deals with the central government and does not deal with the individual state governments of foreign governments. The state governments, particularly in the country mentioned, Brazil, have the power of expropriation. If the administration in power should happen to be out of favor with the administration of any particular state, that particular state could expropriate in order to embarrass the central government. That is what the Senator has pointed out.

Mr. AIKEN. That is something which I think ought to be understood.

Mr. SPARKMAN. Yes.

Mr. AIKEN. Perhaps I should not be commenting on it at all, because I do not have any alternative language to propose. It is evident that if expropriation of American property, with inadequate compensation, really got underway, it could sweep around the world. There are more than $60 billion of American investments around the world, if we count stock ownership in foreign corporations. That would be a lot of money to lose.

There is that danger. It may be possible that the executive branch lawyers, as they have been known to do in other cases, can figure some way out of this problem. There is a risk. I merely say that I am not too happy with the wording of the provision, although I am in sympathy with the purpose of it.

Mr. SPARKMAN. Yes. I thank the Senator from Vermont.

Mr. President, aid, too, is to be suspended if a government taking such action fails within a reasonable time to take appropriate steps to discharge its obligations under international law. The suspension of such aid is to continue until the President is satisfied that appropriate steps are being taken to provide relief from such action. On balance, I should say that the language adopted by the conferees provides slightly more discretion to the President in the administration of this expropriation provision than was the case in the Senate bill.

AID TO COMMUNIST COUNTRIES

Members will recall that the Senate adopted a provision stating that no assistance is to be furnished to any country "known to be dominated by communism or Marxism," except that the President might with certain findings provide assistance under Public Law 480. The House of Representatives had similar language in its bill, which the conferees ultimately adopted. It states that no assistance is to be furnished to any Communist country. Communist countries are listed. Furthermore, this restriction on aid to Communist countries is not to be waived unless the President finds three things: first, that such assistance is vital to the security of the United

States; second, that the recipient country is not controlled by the international Communist conspiracy; and third, that such assistance will promote the independence of the recipient country from international communism.

ASSISTANCE FOR INDIA

The Senate version of the foreign aid bill limited the amount of assistance which can be provided to India to the amount which was made available during the last fiscal year. The House bill contained no such language. After much discussion of this provision and after careful examination of the funds programed for India for fiscal year 1963, the conferees agreed to eliminate the Senate language specifically limiting aid to India. It was the feeling of the conferees that it is, in general, undesirable for basic legislation to name specific countries.

Finally, Mr. President, of general interest, Members should know that language in the House bill which would have severely limited United States particiuation in certain United Nations activities, including the purchase of United Nations bonds, was eliminated by the conferees.

As is the case in all conferences between the two Houses, a substantial amount of give and take on the part of the conferees is required. Senate conferees were not able to have their way in every respect. Neither were the House conferees. I believe, on balance, however, that we have reported a bill which will be acceptable to Members of this body and which will enable the President during the year ahead to wage a continuing struggle in promoting throughout the world those conditions essential to the maintenance of freedom.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. LAUSCHE. In what way would the conference report liberalize the language of the Senate bill?

Mr. SPARKMAN. If I may refer to the language of the conference report, I think I can answer the Senator's question.

Mr. LAUSCHE. I recall that there were discussions in the committee about the weakness of certain words——

Mr. SPARKMAN. I am not at all certain that the statement that the language was liberalized is correct. I said the language may have been slightly liberalized. I hope the Senator noticed that point.

The conference report states, "to take appropriate steps"—that is for the country to take appropriate steps—"which may include arbitration, to discharge its obligations under international law—I think we inserted that language. I am not sure that it was in the Senate bill—"toward such citizen or entity, including equitable and speedy compensation for such property in convertible foreign exchange, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions or conditions, as the case may be, and such suspension shall continue until he is satisfied that appropriate steps are being taken and no other provision of this act shall be construed to authorize the President to waive the provisions of this subsection."

Mr. LAUSCHE. My recollection is that the words "appropriate steps" were challenged during the discussions in the committee. It is a rather uncertain description of what must be done. Did the language in the Senate bill include the words "appropriate steps"?

Mr. SPARKMAN. The Senate bill provided:

> The President shall suspend assistance under this act to any such nation until he is satisfied that appropriate steps are being taken.

That was the language of the Senate bill.

Mr. LAUSCHE. In what way does the language of the conference report differ? What did the Senate conferees yield?

Mr. SPARKMAN. I repeat what I said. I am not sure I should say that the provision was relaxed, but we felt that it was more satisfactory. We cleared up a point that had been raised in the discussion. I do not think the point was raised in the committee, or even on the floor of the Senate, but individual Senators raised it since then. The point was raised as to whether or not we had covered every entity which was entitled to relief. The point was raised with me that the language of the provision used the word "citizens," which would not cover a corporation. Under the 14th amendment a corporation is construed to be a person. But there is a distinction between a person and a citizen.

Furthermore, it probably did not include partnerships. We wrote that term in. Furthermore, we wrote in a provision concerning arbitration.

We discussed the question of including reference to the Permanent Court of Abitration at The Hague. New rules for the Court were adopted in February of this year. The United States and practically all the larger and more industrialized nations are signatories. We thought we might tie in the provision with the pact. But we decided to insert the word "arbitration." However, we definitely had in mind the use of the Permanent Court of Arbitration for that purpose. The facilities of the permanent Court are open to all countries, even the most underdeveloped countries, if they care to use them, even though they are not signatory powers. We contemplate the use of the Court.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. COTTON. I appreciate the careful explanation of the Senator from Alabama, which is consistent with the consideration he always shows his colleagues in the Senate. However, I believe it is a rather extraordinary situation when a conference report is brought before the Senate before Senators have had an opportunity to read it. Apparently the conference report came to the Senate only this morning. Senators do not have a copy of the report on their desks. The only way I could obtain access to a copy was to borrow a copy which was at the desk, and which could be loaned to me for only a few moments.

It is my impression, from all the information I can get, that while the conferees discharged their duty sincerely and in accordance with their convictions, provisions in the Senate bill of a substantial nature have been surrendered and eradicated; provisions which were displeasing to those downtown, and which would let the world know that we are going to stop our taxpayers' money from getting into the hands of our enemies.

I think I shall move to recommit the conference report in order to obtain an opportunity, to go on record—as I do now go on record—as voting against the report. It seems to me that in a matter as serious as the one now before the Senate, Senators should have an opportunity to study the conference report before they vote upon it.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I should like to add one word. The printed conference report was ready this morning. Fifty copies of the report were assigned to the Republican side, and fifty copies to the Democratic side. Copies were sent to the Republican policy committee and the Democratic policy committee. Copies have certainly been available since early this morning.

Mr. COTTON. I understand they were received on this side of the aisle after the Senate came to order, which was at 11 o'clock. It is now only 20 minutes of 12. I did not have an opportunity to read the report. I know the Senator from Alabama did not desire to see what has happened occur, but I think that the question is serious. I certainly do not like to act on hearsay, or even after listening to the able presentation of the Senator from Alabama. One must read the report and study the arguments reached by the conferees most carefully before he can be certain of his position.

I wish to go on record as expressing my intention of voting against the conference report. My feeling about the question is in no way lessened or made more mild by the fact that we have not had an opportunity to read the report.

Mr. SPARKMAN. Mr. President, the conferees were in session until about 7 o'clock last night. The staffs of the two committees have rendered a very fine service in having the conference report ready for presentation today. Copies were made available to individual Senators. As I stated in the beginning of my statement, the conferees considered approximately 50 amendments, most of which were relatively unimportant amendments. I said that I intended to discuss the amendments which I thought would be of importance to Senators.

Mr. HRUSKA. Mr. President, will the Senator yield?

Mr. SPARKMAN. I invite attention to the fact that the conference report is signed by every conferee. It is signed by the Senator from Iowa [Mr. HICKENLOOPER], the Senator from Vermont [Mr. AIKEN], and the Senator from

Indiana [Mr. CAPEHART]—the Republican members of the conference on behalf of the Senate. Four Democrats signed the report. Every Member of the House conferees, including Dr. MORGAN, Representative ZABLOCKI, Representative HAYS, Representative CHIPERFIELD, and Representative JUDD, signed the report.

Conference reports are seldom exactly what any one member of the conference wishes. Yesterday we worked all day. We started at 10:30 in the morning and, except for time out for lunch, we worked until 7 o'clock last night to adjust the differences. As the Senator from Vermont said a few moments ago, it cannot be said that any of these important provisions is satisfactory to everyone, but the report represents a meeting of the minds of the two Houses.

I shall be glad to discuss the various proposals, and I do intend to discuss them as we go along.

Mr. HRUSKA and Mr. COTTON addressed the Chair.

Mr. SPARKMAN. I yield further to the Senator from New Hampshire.

Mr. COTTON. I should like to add that I respect and have confidence in the distinguished Members who have signed the conference report. Certainly the Senator from Alabama is not suggesting that the rest of us in the Senate should abrogate our convictions and vote in favor of the conference report merely because some very distinguished men have signed it.

Mr. SPARKMAN. Oh, certainly not, It is not unusual for a conference report to be brought up in the Senate for action on the morning following the day on which agreement was reached. I hope the Senator from New Hampshire will go along with us as we discuss the conference report and ask any questions he wishes to ask. Let us ponder it here together on the floor of the Senate.

Mr. COTTON. Doubtless the Senator is coming to the point I wish to raise, but I should like to ponder it in advance. In other words, the force and the guts—if this word may be used in the CONGRESSIONAL RECORD—of the Proxmire-Lausche amendment, have been removed. Is that correct?

Mr. SPARKMAN. That is the next subject I shall discuss. I hope I may take these matters up in an orderly fashion.

Mr. HRUSKA. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. HRUSKA. Mr. President, I wish to join the Senator from New Hampshire in commenting upon the rather hasty procedure of calling up the conference report for consideration in the Senate, calling it up in a matter of minutes after the printed copy of the conference report has been submitted to the Senate. Fifty copies have been made available for 100 Members.

Mr. SPARKMAN. No; 50 copies have been made available to the Republican side.

Mr. HRUSKA. To the Republican side; very well. There are 36 Members. Most of those are in the policy committee.

Mr. SPARKMAN. No; they went to the policy committee separately. Plenty of reports were furnished for all Senators. Enough came to the floor for every Senator on both sides of the aisle.

Mr. HRUSKA. The Senate convened at 11 o'clock. It is now 11:43. I imagine that even if the full 40 minutes were divided into $3,600 million, it would be quite an amount for each one of the 40 minutes that have transpired since we began consideration of the 50 differing points between the House and Senate. I do not know the reason for all this haste and desire to "do it now." Perhaps there is a reason. Maybe there is a good reason. I imagine we will still be here tomorrow. Saturday is another day. Monday is still another day. It does seem to me that we ought to have an opportunity to look things over. I fully agree that the conferees who signed the report are eminent Members of Congress. But one can hardly say that therefore we must abrogate our judgment in favor of the judgment of the conferees, although we can accord them all the respect to which they are entitled; and they are entitled to great respect. We ought to have time to go to our offices and get our files out and refer to the CONGRESSIONAL RECORD and refresh our minds on these 50 differing points between the House and the Senate positions, so that we can ask some intelligent questions. We are not even in shape to do that in the face of the record. I deplore it. If the Senator from New Hampshire will do what he said he will do, move to recommit the conference report for further consideration, I will join him in that motion.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. LAUSCHE. It is very evident that in the brief period in which these documents have been available to us, it is impossible for any of us to be able to keep in mind what was in the Senate bill, what was in the House bill, and what has been done by the conference. There ought to be provided adequate time so that one may understand what has been done. I have asked questions about the expropriation feature. I still am not clear on it. With all due respect to the Senator from Alabama, I believe he has some difficulty in outlining exactly what has been taken out of the Senate bill, accepted in the House bill, and finally formulated in the conference report or compromise bill.

As the Senator from Nebraska has said, I should like to look at the Senate bill and look at the House bill and at the conference report, to see what changes have been made. The conferees have done the best they can. It may be clear in someone's mind, but it is not clear in my mind, and I have had no time to read the report. This is a vital issue. There ought to be more time available. I reduce it to this proposition.

The report has been printed for us to study. Where is the time for us to study it? It is not available at all. If we are to blindly subscribe to it, that is one thing; if we are to intelligently study it and vote on it, that is another thing.

Mr. PROXMIRE and Mr. MORSE addressed the Chair.

Mr. SPARKMAN. I yield first to the Senator from Oregon.

Mr. MORSE. Mr. President, as a member of the Foreign Relations Committee, along with the Senator from Ohio, I wish to say that I could not agree more with the Senator from Ohio. I do not think this is an acceptable procedure on the floor of the Senate this morning. A conference report on foreign aid was agreed to in conference yesterday. It is brought upon the floor of the Senate today. This is being done before we have had an opportunity to analyze it. I should like to propound a parliamentary inquiry as to whether or not a motion to postpone further consideration of the conference report to a day certain is in order.

The PRESIDING OFFICER (Mr. MCNAMARA in the chair). The Senator is correct.

Mr. MORSE. I will not make the motion now, but at the end of the debate I will make that motion, for the following reasons:

If my friend the Senator from Alabama will permit me to say so, I want him to know that I have nothing but the highest commendation for him for the magnificent job he has done in conference on the issue before us. Considering the differences between the two bodies, our Senate conferees did a remarkable job with respect to the agreement they have reached.

However, that does not mean, therefore, that we ought to adopt the conference report without first having adequate time to study it, and time to debate it after we have studied it. I have a viewpoint with regard to the matter of why I think it ought to be postponed a bit further. I am not so sure that our final action on foreign aid in this session of Congress should not be dependent upon the final action we take on other issues, such as the tax issue, for example, and the trade issue, for example. We cannot separate our foreign aid program from the problems of our own economy.

I served notice on the floor of the Senate yesterday that I did not intend, on the basis of the facts presently existing, to vote for the foreign trade bill. I am more convinced this morning than yesterday, after talking with some administration representatives since yesterday.

The time has come for us to take a look at a package problem that exists—taxes, foreign trade, and foreign aid. We ought to have our debate in consideration of the other issues before we take a final vote on foreign aid. My administration had better wake up, and wake up quickly, to the fact that the American people by the day are becoming aroused as to what is happening to the American economy. Our first responsibility is to protect the American economy. In my judgment, unless we take certain courses of action in the Senate to protect the American economy, whatever we pass in

the way of a foreign aid program will damage the American economy.

As a member of the Foreign Relations Committee I wish to say that I am alarmed at what is happening to the American economy vis-a-vis the foreign policy of the Nation. We are giving millions and millions of dollars by way of grants and loans to certain countries who use a portion of that money, really, to carry on trade with Communist countries.

I read articles this morning, for example, with respect to what Mexico intends to do for Cuba in the next few months. But we are pouring money into Mexico. As chairman of the Subcommittee on American Republics Affairs, I am concerned about what is happening with respect to some of the aid which is going into Latin America. Yet the conference report provides $600 million annually for more aid to Latin America.

We are right now in the process of holding hearings with the administration. We intend to have two meetings next week—we have already had one—with respect to the Alliance for Progress program. Now is the time to get some commitments from the administration with respect to the Alliance for Progress program.

So I respectfully say I believe the vote on the foreign aid conference report should be postponed until we have taken up the tax issue and have considered more carefully the foreign aid issue.

Mr. PROXMIRE. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield to the Senator from Wisconsin.

Mr. PROXMIRE. I join in the sentiments so far expressed that action on the conference report should be postponed for at least a day or two, until the report can be studied further. However, I wish to make a little legislative history now, with the cooperation of the distinguished Senator from Alabama.

It is my understanding that on page 8 of the conference report the provision for aid to Yugoslavia has been modified in accordance with subparagraph (f), as follows:

(f) No assistance shall be furnished under this Act, as amended, (except section 214(b)) to any Communist country. This restriction may not be waived pursuant to any authority contained in this Act unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international communism.

The act of 1954, which is still in effect, as I understand, provides as follows with respect to aid to Yugoslavia:

SEC. 143. ASSISTANCE TO YUGOSLAVIA.—In furnishing assistance to Yugoslavia, the President shall continuously assure himself (1) that Yugoslavia continues to maintain its independence, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and constantly informed of any assistance furnished to Yugoslavia under this Act.

The Senator from Alabama will observe that the wording is almost identical. Actually, the first clause on page 8 of the committee report, restricting aid to Yugoslavia, is almost exactly the same as the third clause in the law. The second clause in the report is almost precisely the same as the second clause now in the law. The third clause in the conference report is almost identical with the first clause in the law. So, in effect, all that has been done has been to repeat what is now in the law and provide that aid may continue to be given to Yugoslavia on the same basis as aid has been given to Yugoslavia since 1954, when the act was passed. I ask the Senator from Alabama if this is not a fair description of what the conference committee has done.

Mr. SPARKMAN. The Senator from Wisconsin has correctly stated the provisions as they are now in the law. The Senator may recall that when this question was before the Senate during the debate on the bill, I stated that these conditions existed and that I felt the President would exercise discretion. I stated that both President Eisenhower and President Kennedy had handled this situation satisfactorily previously. I said that while at times there may have been some objection to some parts of the law, I thought the situation had been very well handled by both Presidents in accordance with the provisions of the law. I did not see any need to rewrite the law.

Mr. PROXMIRE. The reason why the Senator from Wisconsin raises the point is that he recalls that the Proxmire amendment as first offered was modified by a much stronger and broader amendment offered by the Senator from Ohio [Mr. LAUSCHE]. The modified amendment was adopted by the Senate by a resounding vote of better than 2 to 1.

Following that action, a modification was offered by the leaders on both sides of the aisle, but it left the Proxmire amendment, in effect, almost intact; it still would have prevented economic aid to Yugoslavia during the coming year.

In view of the fact that the Senate emphatically registered its views on this proposal, and the leadership amendment which passed the Senate did not strike out that provision suspending aid to Yuogslavia, it seems to me that the Senate has made a very substantial concession to the House. I am wondering what the justification is.

Mr. SPARKMAN. The Senate conferees argued that point and called attention to the yea-and-nay vote in the Senate. But the House called attention to the fact that their provision had been agreed to by a vote of 277 to 4. It will be observed that this provision deals also with Communist China. One of the foremost advocates of the language which was agreed to in the House was Representative WALTER, chairman of the House Committee on Un-American Activities. I do not believe there is any stronger champion of anticommunism than FRANCIS WALTER. Yet he spoke in favor of this provision on the floor of the House.

Representative THOMAS E. MORGAN, chairman of the House Committee on Foreign Affairs, and a member of the conference committee, also spoke in favor of the provision.

Representative CLEMENT ZABLOCKI, who is from the Senator's own State of Wisconsin, and is strongly anti-Communist, said he spoke in favor of this provision.

Another Democratic conferee, WAYNE HAYS, of Ohio, said he spoke in favor of this position. I do not believe anyone would charge WAYNE HAYS with being a Communist.

There is no more outspoken and consistent anti-Communist in this country than Dr. WALTER JUDD. Yet Representative JUDD spoke in favor of this position in the House, and he was perhaps the strongest advocate of it in conference yesterday.

Representative ROBERT CHIPERFIELD, who was chairman of the House Committee on Foreign Affairs during the Republican administration, was likewise a strong advocate of this provision.

We were told by the House conferees that this language was most carefully studied before it was adopted by the House. These Members, and others whose names are in the RECORD, spoke in favor of this language. Then the provision was put to a vote in the House. It was not a yea-and-nay vote, but a vote in which the Members stood and were counted. The provision was agreed to by a vote of 277 to 4. That shows that the House was convinced that it had arrived at a good, workable formula. The House conferees maintained the position of the House just as strongly in the committee of conference. So, after considerable deliberation, the Senate conferees yielded on this point and adopted the language of the House.

Mr. PROXMIRE. The vote of 277 to 4 was certainly not a rollcall vote on the issue of whether aid should be given to Yugoslavia and Poland, or anything of that kind. It was an anonymous, faceless vote, on which Members of the House did not have to stand up to be counted.

Mr. SPARKMAN. The vote was on the adoption of this amendment in the bill. Yes, it was a vote on this proposal. I am not talking about the final yea-and-nay vote.

If the Senator from Wisconsin will refer to the CONGRESSIONAL RECORD of July 12, pages 12486 through 12512, he will see the complete debate on this amendment or this proposal. On page 12512 the following appears:

The question was taken; and on a division—

That is when Members stand and are counted; it is the same as a yea-and-nay vote except that the names are not written down—.

on a division there were—ayes 277, noes 4.

That was a decisive vote, and I think it can be understood why it was that the House conferees were adamant on this position.

I hope Senators will note in the conference report that the countries concerned are listed by name. The provision does not apply only to Yugoslavia and Poland, as the Senate amendment was drafted; it applies to any Communist country. The sentence reads:

For the purposes of this subsection, the phrase "Communist country" shall include specifically, but not be limited to, the following countries:

Then the report names the countries which are definitely considered to be Communist countries.

Mr. PROXMIRE. Did the 1954 Mutual Security Act provide this kind of loophole for aid to Red China, Russia, Albania, and other nations? Or are we providing a new opportunity to give aid to those Communist countries?

Mr. SPARKMAN. Does not the Senator from Wisconsin have the act before him?

Mr. PROXMIRE. I have it.

Mr. SPARKMAN. I speak now only from memory; but I think the Senator from Wisconsin will find that there are two provisions. One relates specifically to Yugoslavia; and, if I correctly recall, although I do not have the act before me now, later in the act there is a provision which relates to all Communist countries.

Mr. PROXMIRE. Mr. President, I think the Senator from Alabama has made a very strong case for this provision. He has referred to the 274-to-4 vote in the House of Representatives. Obviously, I do not have the July 12 issue of the CONGRESSIONAL RECORD before me; but I should like to study it when I have an opportunity to do so. This is an additional reason why we should take another day or two to consider this very important measure, which involves billions of dollars and is vitally important to our foreign policy.

I have great respect for the ability and judgment of the members of the House Committee on Foreign Affairs, including Representative ZABLOCKI, of Wisconsin; Representative JUDD, of Minnesota; and others; but I believe we have made a clear, carefully documented case against giving aid to Yugoslavia. We are not basing our case on statements about being "soft on communism" or being Communist inclined. I have not done that, and never will. But I have said that the State Department is a huge bureaucracy, that takes a long, long time to turn around. And there are occasions when Congress can and should and must act promptly to bring American foreign policy in touch with reality. The continuation of aid to Communist Yugoslavia at the very time Tito is lined up with Khrushchev on issue after issue, and doing his best to aline neutralist countries behind Khrushchev. This is one of the issues which should be explained in detail. That is why I rose to question the Senator from Alabama. I thank him for responding to my questions.

Mr. LAUSCHE. Mr. President, will the Senator from Alabama yield to me?

The PRESIDING OFFICER (Mr. METCALF in the chair). Does the Senator from Alabama yield to the Senator from Ohio?

Mr. SPARKMAN. I yield.

Mr. LAUSCHE. What is the Senator's version of what is left in the conference report as to how this subject should be treated?

Mr. SPARKMAN. The conferees included the language voted by the House.

Mr. LAUSCHE. In other words, nothing of the Senate's version is in the conference report.

Now let me ask what respect has been paid to the judgment of the Senate, compared with the great respect which has been paid to the judgment of the House.

Mr. SPARKMAN. Mr. President, the Senator from Ohio has sat in conference committees, and he knows that they involve adjustment and compromise.

This is one provision upon which the House said it would not yield. Furthermore, the House conferees pointed to the record which was made in the House in this connection, and pointed out how carefully the language had been drafted. This is a departure from the Senate version. While the House language is accepted, the conference report follows rather closely a mixture of the first two paragraphs of the House language.

This provision is included:

This restriction may not be waived pursuant to any authority contained in this act——

Mr. LAUSCHE. Unless the President finds and reports to Congress the existence of three conditions.

Mr. SPARKMAN. That is correct—

unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international communism.

Those are the objectives for which we have been striving; and this provision does not open up the subject, unless the President finds that all three of those conditions exist.

Mr. LAUSCHE. But they were in the bill prior to the preparation of this report.

Mr. SPARKMAN. Yes, that provision is in the 1954 act.

Mr. LAUSCHE. The only difference is that the report adds the provision that the President must report his findings to the Congress.

Mr. SPARKMAN. There is also in the report the provision that this language may not be waived under any other law. In other words, if any aid is extended, it must be extended under these conditions only.

Mr. LAUSCHE. In other words, the conference report contains nothing of the will and judgment of the Senate in regard to aid to Communist countries.

Mr. SPARKMAN. The conferees accepted the House language.

Mr. LAUSCHE. I interpret that answer as being that nothing of the Senate version is included in the conference report.

Mr. SPARKMAN. I do not fully agree to that, because certainly the Mansfield-Dirksen amendment is still in existence; and naming the various countries at least puts all of them together.

The amendment of the Senator from Ohio related to Yugoslavia and Poland.

Mr. LAUSCHE. No; it referred to all Communist countries. I did not select any particular country.

Mr. SPARKMAN. I stand corrected. I should have said that the difference between the conference report and the 1954 act is that the 1954 act—the law now in existence—relates to Yugoslavia, at one point; and at another point to Poland or to Communist countries, under the term "Communist countries." But in the conference report all of them are considered together and are named in the report itself.

Mr. LAUSCHE. I suggest to the distinguished acting chairman of the Foreign Relations Committee that he ask that consideration of the conference report be postponed, so that there will be an opportunity to study what has been done by means of the conference report.

Mr. SPARKMAN. Mr. President, normally I would not be desirous of pressing for action today on the report. However some personal affairs demand my attention. I remained in the city today, although I had planned to go home today to give attention to some things which I must do. I had fully intended to leave this morning. The chairman of the committee could not be present. I am trying to discharge my duty, and at the same time accommodate myself to some of my personal responsibilities; and I feel that I must leave the city tomorrow morning. I regret that; nevertheless, I must do it.

Mr. MILLER. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. MILLER. I, too, feel that this question should be postponed until a day certain.

I am not privileged to serve on the Foreign Relations Committee. If I were, I suppose I would have the background information and the current information on this subject which would enable me to act promptly on the report. But, not being a member of the committee, naturally I must make a rather prolonged study in regard to some of these questions, and also listen to the debate on them, in order to reach an intelligent conclusion.

I should like to ask the distinguished Senator from Alabama whether it was the understanding of all the Senate conferees, when they signed the report, that it would be taken up on such short notice.

Mr. SPARKMAN. I cannot say as to that. But it is customary in the Senate to take up conference reports promptly after they are ready for consideration. The Senator's colleague, the senior Senator from Iowa [Mr. HICKENLOOPER], had in mind that it would be taken up. He told us that it was necessary for him to go home today. He could not remain here. I was supposed to go home today, too; but I remained here in order to take up the report today. The senior

Senator from Iowa said it was perfectly agreeable to him for us to take it up.

Mr. MANSFIELD. Mr. President, will the Senator from Alabama yield to me?

Mr. SPARKMAN. I yield.

Mr. MANSFIELD. Let me point out that the day before yesterday the Senate passed the Welfare Act. It was agreed to in conference yesterday, and the conference report is now being considered by the House.

Mr. SPARKMAN. Yes; and there is no precedent to the contrary.

Mr. MANSFIELD. That is true. In addition, conference reports have priority.

There have been several quorum calls today, some of them long, to bring Members of the Senate to the Chamber. A special effort was made to inform Senators who had indicated a deep interest. I refer to the Senator from Wisconsin, the Senator from Ohio, and others. So we tried to do what we could, within the confines of the customary procedure of the Senate.

Mr. SPARKMAN. That is correct. There is nothing unusual about bringing up a conference report the day after it is prepared; and, as the Senator from Montana has pointed out, the other conference report, to which he has referred, was finally drawn up only yesterday, and it was taken up by the Senate yesterday and agreed to. No Senator asked that it be postponed. No Senator made a complaint that he had not been able to study the bill. I point out that the amendment of the distinguished Senator from Iowa was carried in the conference. The House accepted the Senator's amendment. The most careful attention was given to this subject. The report was prepared after a long day of hard work.

Mr. MILLER. I respect the diligence with which the conferees applied themselves to this report. However, there is one thing I think should be brought out. I noted the concern of the Senator from Wisconsin, the Senator from Ohio, the Senator from Nebraska, and the Senator from New Hampshire regarding the situation with respect to Yugoslavia. I detect, by my count, that only two of the seven conferees from the Senate supported the Lausche amendment on the floor of the Senate. While the Senate conferees might naturally feel that they should represent the viewpoint of the Senate in considering this question with the House conferees, perhaps Senators who had supported the Lausche amendment might have made a little harder fight than those who did not.

Mr. SPARKMAN. I regret to hear the Senator say that. I think every Senator who goes to conference goes there with the conscientious feeling that he represents the Senate. The conferees did represent the Senate and did call attention to the yea-and-nay vote in the Senate by which this amendment was agreed to. But the House conferees had a powerful argument. The House worked most carefully subsequent to Senate action. The House conferees called attention to those who had advocated the proposal and those who had drafted the language; and they pointed to the vote, which was more impressive than ours.

Mr. MILLER. I would be receptive to what the Senator has just said were it not for the fact that the Senator from Iowa sat in the Senate Chamber for an hour and a half while the Senator from Minnesota pointed out why the Lausche amendment was undesirable. I believe he said he felt this amendment should be taken out by the House. With that as a background, I find it difficult to understand why a Senator who did not support the Lausche amendment should go into conference with the House conferees and fight hard—in the same degree at least——

Mr. SPARKMAN. What does the Senator think about his own colleague, the senior Senator from Iowa [Mr. HICKENLOOPER]? What does he think about the senior Senator from Indiana [Mr. CAPEHART]?

Mr. MILLER. I believe those two Senators did——

Mr. SPARKMAN. They were in conference, and they fought for the provision.

Mr. MILLER. They voted for the Lausche amendment. I feel sure they would have fought for it in conference.

Mr. SPARKMAN. They did.

Mr. MILLER. However, they were only two of seven.

Mr. SPARKMAN. They fought for it and then voted for the conference report and agreed to have it taken up in their absence.

Mr. MILLER. I have no question about it.

Mr. SPARKMAN. I do not see how the Senator can have any question about it.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from New York.

Mr. JAVITS. First, I wish to state to the Senator from Alabama that I think he rendered a distinguished service. We cannot argue the entire case on the basis of the conference report. My view is that we would have to reargue the case and undo what the House and Senate conferees have voted on. If a colleague of ours desired a day or two in which to study the report, I would not feel that I should stand in his way. I would not want to block an opportunity for tactical discretion, but I do not think any long delay is warranted, because I think the bill might fall apart if there were a long delay, especially if there are involved matters of domestic economy, trade questions, and so forth. If we are to legislate by big, round brackets, we had better change the character of the Congress and its activities.

I think the committee has done a remarkably fine piece of work. I once served on the House Foreign Affairs Committee, and I think I know something about how it works. In the compromises which have been arrived at, I think there have been reasonable and practical approaches and, in my judgment, they are on the broad level of the majority opinion in our country and, I am sure, of the Congress.

I invite special attention to the fact that this is the first time within my recollection when the entire private enterprise system has been accommodated and recognized in an official way in the foreign aid policy of our country. I find conditions in the bill now which will give assistance and aid to the Commerce Committee in connection with the Alliance for Progress program. It is the first time there has been a recognition, in a very definitive way, by money and services, of the indispensable part that our private enterprise system can and must play if these programs are to be successful.

There are other sections of the measure which are deserving of commendation—for example, the requirement in the conference report for reports with reference to the declaration as to nondiscrimination by foreign governments against American citizens because of their faith, which I think is extremely important.

I note also, with great satisfaction, aside from the private enterprise section, that the investment guarantee section has been subjected to very material improvement.

On the whole, knowing the way these procedures operate, having lived a day or two in the Congress, I think the conference committee is entitled to our thanks and congratulations, and I hope the conference report will be approved.

Mr. SPARKMAN. I appreciate the remarks of the Senator from New York.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. COTTON. Let me say to the distinguished Senator from Alabama that I regret that any suggestion has been made about representation by Senate Members in the conference committee. Every one of them, as I am sure every Senator knows, and as those who know the distinguished Senator from Alabama know, used all his resources to represent the Senate, and at the same time remain loyal to his own deep convictions.

However, in view of what the majority leader said a while ago, it seems to me that coincidences are piling upon coincidences. I am talking about the speed with which the report was expected to go through the Senate.

The Senator from New Hampshire was a cosponsor with the Senator from Wisconsin of the amendment of the Senator from Wisconsin regarding aid to Communist countries. Two years ago, and last year, in this Chamber, the Senator from New Hampshire was a cosponsor of a similar amendment with the late senior Senator from New Hampshire, Mr. Bridges, and in the illness of Senator Bridges, argued the amendment on the floor. I was never informed that this conference report was to be considered today. The 50 copies of this report, peculiarly enough, were never delivered and placed in the hands of the secretary for the minority until after the Senate came to order at 11 o'clock a.m. I hunted for one. It was not on my desk. I had to go to the clerk's

desk and borrow one. I should like to have an opportunity to ascertain the facts, and determine whether that was a coincidence.

Before this discussion is completed, the Senator from New Hampshire will have something to say about the Proxmire-Lausche-Cotton amendment. They will not be in any way obnoxious to the Senator from Alabama. He knows that. My statement will be based strictly on the facts and the arguments.

The people of this country are worried about what is happening to some of the money going down to Mexico. We saw on television last night what is happening in Peru. I think the American Congress would do well to move slowly and carefully to convince the country that we are all dealing with this subject on the basis of full opportunity to express ourselves.

I hope the Senator will agree to a reasonable continuance in regard to the report, so that we may have such opportunity.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MANSFIELD. Mr. President, while there is a good deal of validity in what the distinguished Senator from New Hampshire has said, I think it ought to be emphasized again that the procedure under which we have operated is not unusual and is not to be considered as an attempt to rush something through apart from the usual procedure.

I discussed this question with the distinguished minority leader. He in turn got in touch with the distinguished Senator from Vermont [Mr. AIKEN] and the distinguished Senator from Iowa [Mr. HICKENLOOPER], all of whom signed the report as Republican conferees on the part of the Senate. We suggested the absence of a quorum two or three times, to make it possible to have as many Senators present as possible.

I reiterate that we made a special effort to get in touch with the Senator from Ohio [Mr. LAUSCHE] and the Senator from Wisconsin [Mr. PROXMIRE], so that they could be present.

So far as conference reports are concerned, copies are not usually put on the desks of Senators, but are kept on each side of the Presiding Officer, so that any Senator who wishes to see them can obtain copies. The copies were available when the Senate convened this morning.

The work of the Senate conferees has been done expeditiously, with the best interests of the Senate in mind. At the very least, the Senate should express its confidence in the conferees on both sides of the aisle, who acted in behalf of the Senate as a whole.

Mr. DWORSHAK. Mr. President, will the Senator yield to me?

Mr. SPARKMAN. I will yield to the Senator in a moment.

I say to my friend from New Hampshire that I must confess that at times I have shared his feelings with reference to conference reports. That feeling arises because of our service in the House. In the House, Senators know, conference reports are required to lie over a day. When I came to the Senate I thought the same rule obtained here. I was not in the Senate very long before I learned that that was not correct. As soon as a conference report is ready it can be considered. It does not have to lie over.

Ordinarily conference reports do not lie over but are considered by the Senate as soon as they are ready. There is nothing unusual about such procedure.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. SPARKMAN. In just a moment.

I hope the Senator from New Hampshire will show the confidence he has expressed in the conferees on the part of the Senate, particularly since the report is signed by all seven of the conferees.

Something has been said about the selection of conferees. There was nothing unusual about that. I know that from time to time the argument has been made that conferees who represent the will of the Senate ought to be selected. If we should start trying to do that, when there are 50 different amendments on a bill, I do not know how we would ever find conferees who would fit the description.

Mr. COTTON. Mr. President, will the Senator yield to me for a moment more?

Mr. SPARKMAN. Very well, if it is a continuation of the same thought.

Mr. COTTON. No Senator has greater confidence in every one of the conferees than has the Senator from New Hampshire.

Nothing I have said has been intended to reflect on the conferees or on the leadership. I have been talking about what has occurred, after we had a "knockdown, drag-out fight" in the Senate, and, as a result of a strong vote, pronounced the opinion of the majority of the Senate on a vital issue. Now it is said that we should back down because the distinguished Senator from Iowa, the distinguished Senator from Indiana, some other Republican on the conference committee, or some Democratic Senator who happens to be on the conference committee, says so. That is something with which I cannot agree.

I say to the Senator—and I will not interrupt him again—that it is all right to talk about Dr. JUDD, Mr. ZABLOCKI, the Senator from Indiana [Mr. CAPEHART], and the Senator from Iowa [Mr. HICKENLOOPER]. I have confidence in them.

There is another man in whom I happen to have complete confidence as to his integrity, his undying enmity toward communism, his complete and dedicated loyalty to this country—and that is President Kennedy. I would say so anywhere at any time. He is my President as much as he is the President of Senators across the aisle.

In past years, however, we have had a provision about aid to Communist countries which has had a "hole" in it. In substance, the language is "except when the President deems it necessary for American policy."

Every single time the State Department has decided it would be too bad if the people of this country offended someone somewhere else by saying that the taxpayers' money should not go into the hands of our enemies, the President—not merely President Kennedy, but President Eisenhower as well—has always censented to the aid. Every time the State Department has taken that position, the provision has been completely useless.

On June 6 this year the Senate decided that the American Congress had a right and a duty to say that, without exception, there shall be no aid from the taxpayers' money which we appropriate to Communist-dominated countries. We said it and we meant it.

Under the conference report the President could open up the same old escape hole, which would completely vitiate our position.

I wish to make sure that, in regard to that provision and certain other provisions of the conference report, we shall have an opportunity to explore the subject thoroughly. I hope that we may have a postponement, so that we can thrash out this question, because it is a vital issue. I understand the Senate procedure. I am not questioning that. This is too vital an issue not to be thrashed out thoroughly. As one Senator, I intend to take the opportunity to speak at some length on it.

I thank the Senator for yielding.

Mr. DWORSHAK. Mr. President, will the Senator yield to me?

Mr. SPARKMAN. I yield to the Senator from Idaho.

Mr. DWORSHAK. On the first page of the Washington Post and Times Herald this morning there appears an article with the headline:

RED AID BAN DROPPED BY CONFEREES

I read from the article, written by Staff Reporter Richard L. Lyons:

House-Senate conferees agreed yesterday on a $4.6 billion foreign aid bill close to what the administration wanted.

Senate conferees agreed at a day-long bargaining session to drop their ban on aid to Communist countries such as Poland and Yugoslavia in favor of House language giving the President discretion to act when it appeared aid might pull a country away from Moscow.

Senate Members also agreed to drop a limitation on aid to India from their bill.

House conferees in exchange agreed to drop from the final version their amendment forbidding purchase of United Nations bonds until all member nations have paid their back assessments.

These were the three provisions the administration especially wanted to get out of the bill.

I ask the Senator from Alabama if that article is substantially correct, and if the administration, in the conference report, got exactly what it wanted?

Mr. SPARKMAN. Mr. President, I cannot be responsible for what a reporter wrote in a newspaper. I do not use that as any criterion. I have not read the article to which the Senator refers.

I cannot say whether the administration did or did not get exactly what it wanted.

I will say that the administration representatives have not spoken to me with reference to this item since before the bill passed the Senate. I do not recall that any representative of the adminis-

tration ever spoke to me about this provision.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. SPARKMAN. Not a single representative of the administration came to see me, called me, or had any contact with me prior to our going to conference.

A great many people labor under a misapprehension as to what the administration tries to do.

Whether the administration had a hand in trying to help develop this legislation in the House, along with FRANCIS WALTER, Dr. JUDD, CLEM ZABLOCKI, and others, I do not know. No mention of it was made in the conference.

The item about which we are speaking was one of the very last items agreed to. As each item was reached, a preliminary statement was made by each side. The House conferees gave us to understand that they would insist upon the provision. The conferees said that they had most carefully worked it out, and that the vote in the House had been 277 to 4. The Members of the House stood up and were counted on the question. Representative HALLECK, the minority leader in the House of Representatives, voted for the provision. Representative ARENDS, the assistant minority leader, voted for the provision.

Mr. DWORSHAK. They did not participate in the conference.

Mr. SPARKMAN. No; they did not participate in the conference. But they voted for the measure in the House. We waited until the end of the discussion before we finally agreed on that item. It was not a question of trying to give the administration what it wanted, so far as I was concerned, because no one representing the administration had spoken to me about it, nor was any representative of the administration in the conference room.

Mr. DWORSHAK. Mr. President, will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. DWORSHAK. I did not intend to be critical of the Senator from Alabama.

Mr. SPARKMAN. I did not so interpreted the Senator's statement.

Mr. DWORSHAK. I merely wished to point out that the House receded on certain points, the Senate receded on others, and the general result was in almost complete accord with the administration program. So we must conclude that the result was merely a coincidence.

Mr. SPARKMAN. Let me say to the Senator from Idaho that we had work sheets before us. Ours were prepared by our own staff. The House conferees had work sheets prepared by their staff. In addition, we had before us the existing law, the Senate bill, the House bill, and a discussion of the position of the executive branch of the Government. I would be willing to wager that the position of the executive branch was overridden more times than it was agreed to, so far as the amendments were concerned.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. HUMPHREY. Last evening it was my privilege to be at dinner with Representative WALTER JUDD of Minnesota, who is of the opposite party, and who served on the conference committee. He served well, and was of great help. Last evening Dr. JUDD commented that while newspaper stories attempted to make it appear that the result of the conference was strictly an administration victory, the word "administration" was seldom mentioned.

We did what we thought was necessary to be done in terms of the two bills and in light of what the votes had been in the respective Chambers. The Senator from Alabama is absolutely correct. I recall that time after time, while the position of the executive branch was read and studied carefully, frequently it was set aside and the House position or the Senate position was accepted, without any control over the decision by the executive branch.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. DWORSHAK. In view of the fact that the majority leader and the assistant majority leader were two of the conferees, I congratulate the conferees on the part of the Senate; and, though I am not in complete accord with the conference report, I point out that probably, notwithstanding the very able lobbyists maintained in the White House in that instance, no contacts were made to influence the conferees in any way. But it appears that the final results are in accord with what the administration wanted, and it would appear that they were so successful in this instance that they ought to be more successful in handling other proposed legislation.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MANSFIELD. I am a little surprised at my friend the distinguished senior Senator from Idaho, who for once takes what he reads in the Washington Post as gospel. It is usually the other way around.

Mr. SPARKMAN. I say also to the Senator from Idaho that it is a little surprising that he did not mention the fact that one of those agreeing to the conference report was the chairman of the Republican policy committee, the Senator from Iowa [Mr. HICKENLOOPER].

Mr. DWORSHAK. He represented the minority.

Mr. SPARKMAN. He agreed to the report and signed it. He said that he did not need to be present. He had to go home. He said he did not need to be present today when the conference report was taken up.

Mr. DWORSHAK. Mr. President, will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. DWORSHAK. In reply to what the distinguished majority leader said, I requested the observation of the Senator from Alabama with respect to the newspaper story for the reason he suggested. Basically, I might not accept the report as being entirely accurate. For that reason I wanted the judgment of the distinguished members of the conference committee.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MANSFIELD. In addition to what the acting chairman of the Committee on Foreign Relations has said, I state emphatically, that no member of the administration was within hearing, shouting, or writing distance, so far as I know. All action taken was taken on the part of the conferees from both parties themselves. What they did was their responsibility. In no way were they influenced by the administration.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. DWORSHAK. If that is the truth—and I accept it as being such—I congratulate the distinguished majority leader for having accomplished what obviously the administration wanted without prodding of any kind from the White House.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MANSFIELD. The minority members of the conference deserve even more congratulations, because without some of the outstanding Republicans going down the line for what finally emerged, the result obtained might not have been possible.

Mr. SPARKMAN. I am not conceding that the administration got what it wanted, but if that be true, a wonderful bipartisan effort brought it about. The chairman of the Republican policy committee was in command of one of the battalions.

Mr. MURPHY. Mr. President, I wish to comment on what the senior Senator from New Hampshire has said in his usual fine presentation of his concern over the conference report.

I was happy to join with the Senator from Wisconsin [Mr. PROXMIRE] in cosponsoring his amendment to ban aid to Communist Yugoslavia and Poland, and then, with a majority of the Senate, voting to agree to the Proxmire-Lausche amendment. I am concerned with the strong language that has been eliminated from the bill. I wish the RECORD to show that I am opposed to the conference report.

Mr. SPARKMAN. Mr. President, I wish to make one further comment before I yield the floor. Reference has been made two or three times today about money being poured into Mexico. Such statements are often made. We hear talk about pouring money into Yugoslavia. Last year Yugoslavia received only a few thousand dollars for technical assistance. Some engineers went into that country to help to plan some kind of industrial development. Approximately $17,000 was spent for that purpose. I shall not vouch for the accuracy of the figure. The country has not received any military assistance since 1957 or 1958 from the United States. It has received practically no economic assistance over the past several years. No economic assistance is provided in the bill for that country. We were told frankly that if they were able to take full advantage of that engineering help—

the technical assistance which was given to them last year involving a few thousand dollars—they might want not to exceed $10 million for industrial development. It would be a loan which would be paid back in dollars with interest.

With reference to Mexico, the statement has been made that we have been pouring money into Mexico. Mexico is one country for which we do practically nothing in the form of aid.

I have the figures before me. They are found at page 426 of the hearings, if anyone wishes to refer to them. The figures for fiscal 1961 show that $27,800,000 was loaned in Mexico by the Export-Import Bank. That is not a part of our aid program. That is money loaned to help American business people who are exporting, to help make American jobs. The money is repayable by these firms. Ordinarily these loans are made to private enterprise. They are repayable in dollars in the United States, and on time. It is one of the most remarkable jobs that has ever been done by any governmental agency. It is a loan. It goes to private enterprise, to help American exports.

Under Public Law 480 went $3,200,000, and $1,200,000 in technical assistance. We sold them $400,000 worth of military goods. That was in 1961.

In 1962 there was $700,000 in development grants. Public Law 480 accounted for $9,400,000. We used $90 million down there to help export American goods. In military aid we again sold $400,000 worth of goods. We sold those goods to them. That is the money that has gone into Mexico.

It is so easy to speak about "pouring" money into Mexico, when as a matter of fact very little foreign aid money has gone into Mexico. I mention that as one example. Sometimes, when we examine the record, we find that it is not the same as it is sometimes represented to be.

I yield the floor.

Mr. KEATING. Mr. President, I wish to express my gratification to the Senator from Alabama that the conferees retained the language of the amendment adopted in the Senate, and, also with some modification, adopted by the other body, that it is the sense of the Congress, in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis, and which do not, as a result of U.S. assistance, divert their own economic resources to military or propaganda efforts, supported by the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this act.

I was interested after the Senate adopted that amendment, to read press reports hinting that the amendment would be dropped when it got to the other body or into conference, and would never see the light of day. I am delighted that that did not take place. Representative HALPERN, of New York, took up the cudgels in the other body and succeeded in pursuading his colleagues to adopt it. Therefore, the conferees could not eliminate that provision, although of course, I do not mean to imply that there would have been any effort on their part to do that.

I now express the hope that those charged with the administration of the program will give some effect to this language, which has been approved by Congress. I sincerely hope that the administrators of this program will not ignore this amendment even though it is not binding and obligatory, and in my judgment it should not be. I sincerely hope that they will give strong effect to it, particularly to the last part.

The American people are sick and tired of having their tax dollars used to aid countries which use that aid or an equivalent amount of money to buy arms from the Soviet bloc, or use an equivalent amount of funds, as has been the case in Egypt for the purpose of directing propaganda, in part against the United States, but more against the State of Israel, which is receiving aid from the United States.

The distinguished Senator from Illinois [Mr. DOUGLAS] and I succeeded some time ago in having enacted into law a sense-of-Congress amendment to the effect that aid should not be given to those countries which illegally interfere with international waterways. Other sense-of-Congress resolutions along the same lines, and with which I have some familiarity, have also been adopted. However, when we inquired as to the implementation of them we were greeted with a great deal of doubletalk by those who are administering the program—a great deal of doubletalk and very little action.

I have always been a strong supporter of the mutual security program and of aid to those nations which stand with us and the free world against totalitarian forces. I believe I have a right, therefore, to be critical when those administering the program pay no attention or little attention to policy statements by the Congress that are made a part of this legislation. After all, we in the Congress try to speak for the American people when we put into a piece of legislation sense-of-Congress language. We believe that some attention should be paid to it by those who administer the program.

I again wish to express my gratification to the Senator from Alabama on the fact that this language has been retained in the legislation. Also, I very much hope that he feels as I do, that effect should be given to statements the Congress endorses which express what we believe to be the sense of the American people and what we believe to be an important affirmation of the principles that this country respects in its foreign relations.

Mr. SPARKMAN. I thank the Senator. I do not have it before me, but I believe that in the policy statement in the law it is provided that the act shall be administered so as to carry out the sense of the policy that is stated. The Senator knows, of course, that we accepted a good part of the House amendment that he mentioned in his statement.

Mr. MORSE. Mr. President, I desire to speak on the foreign aid conference report, which is now before the Senate. At the close of my remarks, I shall move that further action on the conference report be postponed until August 1. I shall set forth the reasons which I think will make my motion a desirable one.

The Senator from Alabama [Mr. SPARKMAN] was concerned about the statement of the senior Senator from Oregon this morning about the pouring of millions of dollars into Mexico and other Latin American countries. I know that peanuts are grown in Alabama; but the money which the United States is pouring into Latin America and other parts of the world is not peanuts. I am a little surprised that the Senator from Alabama seems to think, apparently, that the amount of money which the Untied States has poured into Mexico is not substantial. I think it is, and I shall use the very figures which the Senator from Alabama has discussed.

From 1946 to 1961, the Agency for International Development provided for Mexico funds totaling $7,900,000. That was not "peanuts." That was the money of American taxpayers. When we take that $7,900,000 and add to it the many millions more which we have poured into foreign aid over the years, I say the time has come to go a lot slower than is being proposed with this conference report. The time has come to consider the foreign aid program in the light of some emergency economic situations which have developed in this country in recent months.

We should not commit ourselves this afternoon on the foreign aid conference report until we first take more time to consider what we shall do with respect to the economic issues that will be before the Senate in the days immediately ahead. We still have a tax debate ahead of us. We still have the foreign aid bill before us. I do not believe the President should be allowed to sign the foreign aid bill until, first, we have decided what we shall do with a series of measures that are of vital concern to the economy of the Nation.

Some days ago I made a major speech in the Senate in regard to the tax-foreign aid issue. In that speech I stated that the national debt of the United States is greater that the national debt of all the rest of the free world combined. The national debt of the United States is greater by a substantial number of billions of dollars that the national debt of our so-called allies and all the rest of the free nations of the world combined. We have been pouring into foreign countries billions of dollars belonging not to the Congress of the United States, but to the taxpayers of the United States, in order to rehabilitate allies who were brutally destroyed or damaged in World War II. It was our clear, moral, and economic duty to do this. I voted for this program. I would vote for it again under similar conditions and circumstances.

We are pouring hundreds of millions of dollars into underdeveloped areas of the world. I voted for much of that aid.

I intend to continue to vote for foreign aid. But I shall insist that the foreign aid program be more carefully scrutinized and modified because, in my judgment, the time to modify it is now, not next year. What we finally determine with respect to the foreign aid program this year will be dependent, in no small measure, on what we determine with regard to foreign trade and with regard to the whole subject of support to foreign countries vis-a-vis our own tax program.

Mr. President, we have allies which are not bearing their share of the burden in regard to the economic protection of freedom around the world. We have allies which are not doing their part in providing economic assistance to the underdeveloped areas of the world. So long as Uncle Sam is willing to do it, they will shirk their responsibilities.

As a member of the Committee on Foreign Relations, it is my judgment that we are bearing too large a share of the cost of protecting freedom. That is the issue. It is about time the American taxpayers were told what their Congress is doing to them. It is about time we took these undeniable statistical facts to the taxpayers of the Nation. I propose to do it between now and the election in November, so that the taxpayers will at least understand what the record of Congress is in connection with the action that is taken and which bears directly on the growing strength or weakness of the American economy, for the American economy is growing weaker. In my judgment, one reason why it is growing weaker is that Congress is not protecting the economy to the degree that it ought to be protecting it. One of its failures to protect it is due to the fact, in my judgment, that it has not attached to foreign aid the conditions that ought to be attached to such aid in order to protect the taxpayer.

No one is a stancher defender of the Alliance for Progress than is the senior Senator from Oregon. The RECORD will show that the senior Senator from Oregon played no small part in the origins of the Alliance for Progress, as did every member of my Subcommittee on American Republics' Affairs. My subcommittee is conducting hearings with respect to the progress that is being made or is not being made in the Alliance for Progress program. I have made clear to this administration that, so far as the senior Senator from Oregon is concerned, some very stringent restrictions must be placed upon the Alliance for Progress from the standpoint of our Latin American neighbors fulfilling some responsibilities which they owe in connection with the implementation of the Alliance for Progress. And I think we should get some statements from the administration, prior to the final approval of this foreign aid program.

Now I yield to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, I do not know whether the Senator from Oregon recalls that in the discussions in the Foreign Relations Committee it was pointed out that we are constantly increasing the elimination of conditions and restrictions which traditionally have been applied to the foreign aid program. Last year there was a general theme of eliminating all conditions and all limitations, and of placing in the administration the discretionary power to determine when and how the aid shall be given, under a blanket authorization.

Mr. MORSE. The Senator from Ohio is correct.

Mr. LAUSCHE. I have been alarmed about that. The custom and tradition have been to provide that we authorize these expenditures, subject to certain limitations and conditions. In the Foreign Relations Committee, I asked the staff adviser whether the general theme of this bill is to eliminate conditions and limitations; and I want all Senators to know that that was the general theme and that was the thread running through the entire thing. But I do not agree with it.

Mr. MORSE. I do not, either.

Mr. LAUSCHE. I thank the Senator from Oregon for yielding to me.

Mr. MORSE. Madam President (Mrs. NEUBERGER in the chair), returning now to the figures for Mexico:

From 1946 to 1961, the United States made available to Mexico, under the food for peace program, the Public Law 480 program, $17,700,000. And that is not peanuts, Madam President.

On sales agreements, the United States made available to Mexico $25,200,000; under title 2, $200,000, under title 3, $7,600,000. None of those items happens to be "peanuts," Madam President.

The Export-Import Bank has loaned Mexico, since 1946, $491,300,000, of which Mexico has repaid $244 million. And as one of the most ardent advocates of a loan program, as a substitute for a grant program, I have been one of the strongest in the Senate in my support of an approach of this kind; but that does not change the fact that we have been of great aid to Mexico by making these loans of $491,300,000.

Madam President, other U.S. economic loans since 1946 to Mexico have been $99,600,000; military assistance, grant aid, $400,000; credit assistance, $5,400,000. I think these are rather good indications of our generosity and our good neighbor policy; and let the RECORD show that I am not criticizing this program. I voted for it; and I would vote for it again, under similar situations and conditions. I only seek to point out what we have been doing for the free world.

Now we come to the International Bank, in which we have, as I recall, approximately 36 percent of the voting power, which is about comparable to the U.S. financial investment in the funds of the Bank. Mexico has been the recipient of $226,300,000 by way of loans from the International Bank or the World Bank; from the International Finance Corporation, $1,400,000; from the United Nations Technical Assistance, $3,500,000; from the United Nations Special Fund, $1,200,000.

Madam President, we have helped other countries more than we have helped Mexico; and I do not mean to imply that Mexico is at the head of the list. But I have referred to Mexico only because of the articles, published today in the newspapers, in connection with the assistance which Mexico purportedly has given to Cuba; and I simply say that if we are going to pour millions and millions of dollars into Mexico and other Latin American countries, at least we should have compliance with the spirit and the intent of the Punta del Este Conference, because certainly the spirit and the intent of the Act of Punta del Este cannot be reconciled by the countries in Latin America that we assist by their providing millions of dollars for the economic rescue of Cuba. Certainly if Mexico is able to do that, she certainly does not need our financial help.

Madam President, I am not privileged to speak in terms of confidential material resting in the files of the Foreign Relations Committee; but I do not violate any confidence when I say that of course Mexico is seeking to negotiate financial arrangements involving loans of many more millions of dollars from the United States. I am not unfriendly to that negotiation, provided we follow a policy of imposing some conditions and some restrictions, so that the funds we take from the pockets of U.S. taxpayers cannot be used by a foreign country—whether Mexico or any other—to the detriment of the best interests of the U.S. taxpayer.

Madam President, without taking time to read all the figures, but in view of the fact that this issue has been commented upon by the Senator from Alabama, I ask unanimous consent to have printed at this point in the RECORD—as I have done in the case of Mexico—a summary of the figures for every other Latin American country and for every other country to which we have been giving assistance.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

U.S. foreign assistance to MSP countries by region and country, cumulative, fiscal year 1946 through fiscal year 1961

[Millions of dollars]

Region and country	Grand total	Total military	Economic assistance												
			Total economic		Mutual security program				Nonmutual security program						
										Public Law 480					
										Title I			Title II—Emergency relief and economic development	Title III—Voluntary relief agencies	Export-Import Bank long-term loans	Other non-MSP programs
			Total	(Of which loans)	Total MSP economic	ICA	DLF	Other MSP economic	Total	Total sales agreements	Planned for— Grants	Planned for— Loans				
Total all countries	90,510.9	28,997.5	61,513.4	21,122.3	31,062.5	27,846.2	1,986.2	1,229.9	30,450.9	(5,859.8)	1,319.3	2,943.3	782.8	1,825.6	6,986.7	16,593.3
Europe	44,097.5	15,475.4	28,622.2	10,503.1	15,218.7	15,001.9	137.0	79.7	13,403.5	(1,603.9)	138.5	631.2	166.3	744.0	2,403.2	9,320.3
Austria	1,170.9		1,170.9	79.1	723.5	723.5			447.4	(40.9)		26.3	24.6	27.3	41.1	328.1
Belgium-Luxembourg	1,984.3	1,243.2	741.1	249.0	558.7	558.7			182.4					.2	150.0	32.2
Denmark	866.4	566.1	300.3	54.3	279.3	279.3			21.0						20.0	1.0
France	9,394.4	4,207.7	5,186.7	1,901.9	3,183.8	3,183.8			2,002.9	(35.6)		7.8		11.9	1,274.1	709.1
Germany (Federal Republic)	4,999.2	951.5	4,047.7	1,243.8	1,470.0	1,470.0			2,577.7	(1.2)			3.4	136.0	10.0	2,428.3
Berlin	131.0		131.0		118.1	114.4		3.7	12.9							12.9
Iceland	69.1		69.1	34.4	59.4	59.4			9.7	(11.6)		9.0			.3	.4
Ireland	146.2		146.2	128.2	146.2	146.2										
Italy (including Trieste)	5,664.8	2,217.7	3,447.1	624.8	1,645.1	1,645.1			1,802.0	(150.3)		104.1	87.4	223.7	215.8	1,171.0
Netherlands	2,449.2	1,220.7	1,228.5	388.8	990.2	987.2	3.0		238.2	(.3)				.1	202.2	36.0
Norway	1,084.7	734.9	349.8	113.4	274.8	274.8			75.0					(1)	50.0	25.0
Poland	514.5		514.5	138.7	61.1	.1		61.0	453.4	(365.3)				11.7	40.0	401.7
Portugal	407.7	328.8	78.9	39.5	49.8	49.8			29.1	(7.1)		3.4		25.7		
Spain	1,631.6	503.0	1,128.6	510.3	564.6	547.6	17.1		564.0	(506.1)	9.9	253.0	3.8	139.7	157.6	
Sweden	108.9		108.9	22.0	106.8	106.8			2.1							2.1
United Kingdom	8,689.0	1,020.8	7,668.2	4,215.4	3,828.9	3,828.9			3,839.3	(48.5)				.3	2.1	3,836.9
Yugoslavia	2,279.9	693.9	1,586.0	521.8	575.6	443.6	117.0	15.0	1,010.4	(437.0)	127.8	227.6	47.1	167.2	105.0	335.7
Regional	2,505.7	1,787.3	718.4	238.0	582.6	582.6			135.8		.8				135.0	
Far East	20,489.4	7,503.0	12,986.4	1,663.1	7,047.7	6,527.3	273.7	246.6	5,938.7	(673.6)	293.1	248.5	72.3	300.5	607.6	4,416.7
Burma	94.2		94.2	59.3	49.5	49.5			44.7	(40.7)	11.0	26.6		2.1		5.0
Cambodia	295.7	76.3	219.4		217.1	217.1			2.3				2.3	(1)		
China, Republic of	4,150.3	2,180.8	1,969.5	315.6	1,330.2	1,096.4	114.1	119.7	639.3	(62.2)	34.0	12.8	2.9	54.1	33.2	502.3
Indochina, undistributed	1,535.2	709.6	825.6		825.6	825.6										
Indonesia	598.9		598.9	353.3	221.7	210.1	11.6		377.2	(168.0)	54.1	85.2		6.7	163.5	67.7
Japan	3,574.6	980.4	2,594.2	324.8	22.0	22.0			2,572.2	(146.3)	.6	105.6	37.0	25.0	205.2	2,198.8
Korea	4,958.0	1,720.7	3,237.3	53.3	2,052.3	1,905.4	25.3	121.6	1,185.0	(215.4)	178.6	3.1	28.4	115.5		859.4
Laos	371.6	107.7	263.9		262.8	262.8			1.1				.8	.3		
Malaya	22.2		22.2	20.0	20.0		20.0		2.2					2.2		
Philippines	1,675.1	390.2	1,284.9	362.0	276.3	236.2	40.2		1,008.6	(13.8)	3.3	5.9		32.9	189.2	777.3
Thailand	649.9	359.2	290.7	68.9	263.8	241.3	22.5		26.9	(4.3)		3.7		.5	16.5	6.2
Vietnam	2,135.3	591.2	1,544.1	95.6	1,465.2	1,425.3	39.9		78.9	(22.9)	11.5	5.6	.7	61.1		
Regional	427.8	386.7	41.1	10.3	41.1	35.7		5.3								
Near East and south Asia	15,307.4	4,841.8	10,465.6	4,475.7	5,668.6	4,463.6	1,202.5	2.5	4,797.0	(2,958.6)	866.1	1,596.3	249.4	466.4	724.4	894.4
Near East	9,686.4	4,183.6	5,502.8	1,769.4	3,502.6	3,084.4	417.6	.4	2,000.2	(809.8)	119.5	471.7	124.7	263.3	425.3	595.7
Cyprus	9.5		9.5		(1)	(1)			9.5				9.5			
Greece	3,225.2	1,487.1	1,738.1	245.2	1,020.1	976.7	43.0	.4	718.0	(86.7)	7.5	53.5	4.1	99.2	17.1	536.7
Iran	1,192.0	528.1	663.9	299.2	515.2	400.3	114.8		148.7	(34.3)	5.8	18.5	15.2	6.8	75.1	27.3
Iraq	66.7	46.1	20.6	.9	17.4	17.4			3.2					2.3		.9
Israel	793.3	1.0	792.3	447.4	374.2	318.2	56.0		418.1	(193.7)	13.3	153.3		53.3	198.1	.1
Jordan	300.4	20.4	280.0	3.7	230.9	227.2	3.7		49.1				35.5	12.3		1.3
Lebanon	88.7	8.6	80.1	10.7	58.3	52.3	5.9		21.8				16.9		3.2	1.7
Saudi Arabia	46.6	(2)	46.6	19.1	27.4	27.4			19.2						14.8	4.4
Syria	54.1		54.1	30.3	8.2		8.2		45.9	(28.2)		22.1	22.1	1.7		
Turkey	3,483.9	2,092.3	1,391.6	485.6	1,134.1	963.3	170.8		257.5	(246.9)	80.9	68.6	12.2	4.5	79.1	12.2
UAR (Egypt)	384.4		384.4	227.0	84.5	69.3	15.2		299.9	(219.9)	12.0	155.7		83.2	37.9	11.1
Yemen	16.6		16.6		7.3	7.3			9.3				9.3			
Cento	25.0		25.0		25.0	25.0										
South Asia	4,866.7	2.7	4,864.0	2,686.5	2,085.8	1,301.0	784.8		2,778.2	(2,148.9)	746.5	1,124.7	109.6	199.4	299.1	298.7
Afghanistan	182.5	2.7	179.8	52.2	96.7	96.0	.7		83.1				42.8	.9	39.3	.1
Ceylon	74.1		74.1	23.6	24.1	17.8	6.3		50.0	(25.0)	4.3	14.8	9.3	21.4		
India	3,115.1		3,115.1	2,094.8	1,021.9	475.5	546.4		2,093.2	(1,694.0)	525.3	942.1	5.2	143.7	246.2	230.7
Nepal	44.3		44.3	1.4	23.8	23.4	.4		20.5		15.8	1.0	3.7			
Pakistan	1,450.7	(2)	1,450.7	514.5	919.3	688.3	231.0		531.4	(429.9)	201.1	166.8	48.6	33.4	13.6	67.9
Regional	754.7	655.6	99.1	20.0	80.3	78.2		2.1	18.8				15.2	3.6		
Latin America	5,485.5	479.4	5,006.1	3,903.1	823.4	574.2	227.7	21.5	4,182.7	(608.5)	14.0	462.5	39.2	148.5	3,125.2	393.3
Argentina	538.0	15.4	522.6	520.0	33.3	2.5	30.8		489.3	(62.3)		42.9			446.3	.1
Bolivia	222.9	2.2	220.7	40.2	157.2	149.3	7.8	.2	63.5	(3.3)		2.5	17.4	6.6	26.4	10.6
Brazil	1,711.2	175.5	1,535.7	1,440.5	53.5	53.3	.2		1,482.2	(282.9)	14.0	222.9		21.4	1,178.4	45.5
Chile	517.3	53.6	463.7	369.5	76.3	46.9	19.0	10.5	387.4	(71.2)		56.6		42.5	283.1	5.2
Colombia	327.2	37.8	289.4	245.8	40.5	15.5	25.0		248.9	(69.5)		51.0		26.1	169.0	2.8
Costa Rica	78.8	.1	78.7	31.9	20.8	12.0	8.9		57.9				.2	.8	21.0	35.9
Cuba	51.9	10.5	41.4	37.5	2.8	2.8			38.6					.6	37.5	.5
Dominican Republic	8.8	6.1	2.7		2.1	2.1			.6							.6
Ecuador	100.5	23.0	77.5	53.2	39.0	22.3	16.7		38.5	(11.6)		8.5		3.1	23.2	3.7
El Salvador	16.8	.3	16.5	5.3	9.9	8.3	1.6		6.6					1.1	3.7	1.8
Guatemala	150.3	1.7	148.6	33.1	91.0	78.1	12.9		57.6				3.2	1.9	16.7	35.8
Haiti	90.8	4.0	86.8	30.2	49.9	45.1	4.9		36.9				3.5	5.4	25.0	3.0
Honduras	41.5	1.2	40.3	16.4	27.5	19.7	7.8		12.8				.2	2.7	3.5	6.4
Jamaica	6.6		6.6		2.1	2.1			4.6					4.6		

Footnotes at end of table.

U.S. foreign assistance to MSP countries by region and country, cumulative, fiscal year 1946 through fiscal year 1961—Continued

[Millions of dollars]

Region and country	Grand total	Total military	Economic assistance												
			Total economic		Mutual security program				Nonmutual security program						
										Public Law 480					
										Title I			Title II—Emergency relief and economic development	Title III—Voluntary relief agencies	Export-Import Bank long-term loans	Other nonMSP programs
			Total	(Of which loans)	Total MSP economic	ICA	DLF	Other MSP economic	Total	Total sales agreements	Planned for— Grants	Planned for— Loans				
Latin America—Con.																
Mexico	630.1	5.8	624.3	509.3	7.9	7.9			616.4	(25.2)		17.7	.2	7.6	491.3	99.6
Nicaragua	54.4	2.1	52.3	23.3	18.3	8.1	10.2		34.0					.2	13.1	20.7
Panama	74.9	.1	74.8	32.0	28.6	20.8	7.8		46.2					5.7	17.2	23.3
Paraguay	50.5	.6	49.9	28.4	31.8	17.0	14.9		18.1	(2.9)		2.1		2.7	10.4	2.9
Peru	376.1	64.4	311.7	256.8	57.2	26.7	30.5		254.5	(33.2)		23.4	14.1	11.0	195.4	10.6
Uruguay	79.2	27.3	51.9	48.5	10.7	1.9	8.8		41.2	(46.4)		34.9	(1)	.5	2.6	3.2
Venezuela	195.7	41.5	154.2	151.4	16.3	1.3	15.0		137.9						136.4	1.5
West Indies and east Caribbean	10.3		10.3		8.0	8.0			2.3					2.3		
British Guiana	2.0		2.0		1.4	1.4			.6					.6		
British Honduras	1.6		1.6		.6	.6			1.0				.3	.7		
Surinam	2.9		2.9		2.4	2.4			.5					.5		
Regional	145.5	6.3	139.2	30.0	34.2	[3] 18.4	[3] 5.0	10.8	105.0						25.0	80.0
Africa	1,270.7	81.5	1,189.2	489.8	724.0	583.4	140.6		465.2	(15.3)	7.7	4.6	228.7	36.9	126.5	60.8
Cameroon	2.2		2.2		2.0	2.0			.2					.2		
Central African Republic	(1)		(1)		(1)	(1)								(1)		
Chad	.1		.1		.1	.1			(1)							
Congo (Brazzaville)	.1		.1		.1	.1										
Congo (Leopoldville)	13.3		13.3		2.5	2.5			10.8				10.1	.7		
Dahomey	3.1		3.1		2.0	2.0			1.1					1.1		
Ethiopia	180.4	55.8	124.6	67.4	76.6	46.9	29.6		48.0				8.9	.8	37.4	.9
Gabon	.1		.1		.1	.1			(1)					(1)		
Ghana	26.4		26.4	20.0	24.1	4.1	20.0		2.3				.6	1.7		
Guinea	4.0		4.0		2.3	2.3			1.7				1.7			
Ivory Coast	2.1		2.1		2.1	2.1										
Kenya	7.3		7.3		5.1	5.1			2.2				1.6	.6		
Liberia	115.5	2.4	113.1	85.0	29.4	26.2	3.2		83.7					1.0	74.8	7.9
Libya	179.0	3.7	175.3	8.5	110.7	105.7	5.0		64.6				28.8	6.5		29.4
Malagasy Republic	.5		.5		.5	.5			(1)				(1)	(1)		
Mali, Republic of	3.1	.6	2.5		2.5	2.5										
Mauritania	1.6		1.6	[4] 1.4	1.5	1.5			.1					.1		
Morocco	302.2	(5)	302.2	192.9	208.9	185.9	23.0		93.3				73.7	19.6		
Niger	2.0		2.0		2.0	2.0			(1)					(1)		
Nigeria	19.3		19.3	3.9	18.8	15.0	3.7		.5					.3		.2
Rhodesia and Nyasaland	33.3		33.3	32.4	10.9	10.9			22.4					(1)		22.4
Senegal	3.6		3.6		3.6	3.6										
Sierra Leone	1.0		1.0		.7	.7			.3					.3		
Somali Republic	13.1		13.1	2.0	12.8	10.8	2.0		.3				.3	(1)		
Sudan	51.2		51.2	10.0	51.2	41.2	10.0		(1)					(1)		
Tanganyika	3.4		4.4	1.9	2.5	.6	1.9		1.9				1.7	.2		
Togo	1.9		1.9		1.1	1.1			.8					.8		
Tunisia	254.7	(5)	254.7	51.9	137.4	95.3	42.1		117.3	(15.3)	7.7	4.6	101.2	2.0	1.8	
Uganda	1.0		1.0		.8	.8			.2					.2		
Upper Volta	2.0		2.0		2.0	2.0			(1)					(1)		
Other French communities and possessions	6.0		6.0		6.0	6.0										
Other Portuguese possessions	12.8		12.8	[6] 12.5	.3	.3			12.5						12.5	
Other British territories (sterling area)	.7		.7		.3	.3			.4					.4		
Regional	22.3	.19.0	3.3		3.3	3.3										
Nonregional	3,860.4	616.2	3,244.2	87.4	1,580.3	696.1	4.8	879.6	1,663.9				26.8	129.5		1,507.6

[1] Less than $50,000.
[2] Military data classified and included in Near East and south Asia regional total.
[3] Includes Central American Bank formed by El Salvador, Guatemala, Honduras, and Nicaragua.
[4] Loan to France for Mauritania.
[5] Military data classified and included in Africa regional total.
[6] Loan to Portugal for Mozambique.

Mr. MORSE. Madam President, when the taxpayers of the United States read those figures, I am satisfied as to what will be their decision: They will agree with me that we have been pouring millions and millions and millions of dollars into the coffers of various countries of the world, at tremendous expense to the U.S. taxpayers, in carrying out our moral and economic obligations to the free world. The time has come when the Congress of the United States has the duty of paying greater attention to the security of the economy of the United States, because it happens to be the greatest defense weapon we have. If the economy of the United States is weakened, the power of the United States to defend freedom around the world is weakened; and it is my position that we are weakening our economy, and we must take some steps to strengthen it.

In order to do that, in my judgment we must reduce the foreign-aid program, and we must say to some countries which now are in a better financial position than they have ever before been in at any time in their history, "Now you must contribute and help support the cause of freedom."

That is why I said a few days ago on the floor of the Senate, and repeat today, to Australia, New Zealand, Great Britain, France, Italy, West Germany: "What are you contributing to the defense of freedom in southeast Asia?"

I do not agree that the support of freedom in southeast Asia should be almost entirely a U.S. support. If we

take a look at the figures and the participation of other free nations in the world in respect to the strengthening of freedom in southeast Asia, we cannot escape the conclusion that the great burden of the cost in southeast Asia, in terms of economics, is a U.S. cost. Here is one Senator who warns today that we owe it to the American people to see to it that, as future events develop, the greatest cost in blood in southeast Asia will not be American blood or will not be American blood alone.

If freedom is so important in southeast Asia—and it is very important—it is important also to Australia, New Zealand, Canada, Great Britain, France, Italy, West Germany, and the rest of the free world.

As a member of the Foreign Relations Committee, I owe it to the people of my country to say on the floor of the Senate today that my alarm is increasing in regard to the expectations of the world, apparently, that "Uncle Sam can do the job, and we will leave it to Uncle Sam."

I happen to be one—and I offer no apology for the position—who has viewed for some time the southeast Asia crisis, and I am of the opinion that it ought to be in the United Nations today. It should be taken there by the United States of America, for if peace is threatened in southeast Asia—and it certainly is—then all the signatories to the United Nations Charter have an obligation to move in unison for the protection of peace in southeast Asia, and not leave it up to Uncle Sam almost alone.

Oh, I know one can bring up some quotations from some prime minister here or there, of some token gesture here or there showing some interest, once the issue is raised of peace and freedom in southeast Asia. But the arithmetic cannot be erased, and the arithmetic, in terms of dollars spent and bodies in southeast Asia, makes perfectly clear that the dollars and the bodies for the most part are American.

I want the American taxpayers to know the statistical facts about what is going on in American foreign aid and foreign policy. I have been heard to say many times, and repeat today, that foreign policy does not belong to the President of the United States under the Constitution. He, under the Constitution, is but the people's administrator of the people's foreign policy. Foreign policy, in the last analysis, belongs to the American people, and they have the right to know what the facts about it are. Once given those facts, I have not any question as to whether or not they will carry out their duty to see to it that that foreign policy is administered in the interest of our Nation.

Madam President, it was on July 6, in a speech here in the Senate, that I discussed certain statistics apropos the issue before the Senate today, and the further consideration of which justifies a motion to postpone the final decision on the conference report until August 1. I said on that date:

> In my judgment, we owe both a moral and a legal duty to the American taxpayer to see to it that such conditions as these to which I allude are imposed as conditions precedent to loans or to grants in connection with our foreign aid program. We should do it, too, before we commit American consumers to paying any more premium prices for sugar or similar commodities.
>
> We had better start thinking about doing it, because I point out that the public debt of the free world at the end of 1960 was $504 billion. The public debt of the United States was $295 billion. The combined public national debt of all the countries of the free world totaled $209 billion, as against the public debt of the United States of $295 billion.

There may be some school of economics, there may be some economic theory, which would make the argument that we just do not have to pay any attention to our national debt; but the interest on it is becoming a major cost of Government, and the comparison between our debt and that of other free world countries is indicative of relative effort.

There is no question about the fact that our national debt, our defense expenditures, are necessary for the security of our country. I have voted for them, and intend to continue to vote for them. I have voted higher appropriations for the defense of my country than any President under whom I have served has recommended. There was a time when I voted greater appropriations for defense than the great Franklin Roosevelt recommended. There was a time when I voted greater appropriations for defense than the incomparable Harry Truman recommended. There was a time when I voted higher appropriations for defense and the security of my country than Dwight Eisenhower recommended. I think already on one occasion, last year, I believe it was, I voted for a higher appropriation than President Kennedy recommended in the field of defense.

I am firm in my conviction that if we ever let the security of our country get to such a weakened position that Soviet Russia could knock us in a Pearl Harbor-type nuclear war, she would try it.

As a result of the terrific defense cost and the cost of past wars and the debt and the interest thereon and the cost occurring in the way of pensions, I use the round number, although I think the figure is even higher, 80 cents out of every tax dollar as going to either the past or present security and defense of our country, and 20 cents out of every dollar as going to the so-called civilian processes of our Government.

We are always being battered by the charges that we ought to make great savings in the civilian processes of our Government. Yet, when the question is suggested, "Where are the savings going to be made? What services are you going to dispense with?" the economizers then have a great deal of difficulty in telling us what programs should be canceled.

I heard the Senator from Washington [Mr. MAGNUSON] discussing this phase of the problem recently. The figure he used was that only 18 cents out of every tax dollar goes for the payment of the civilian processes of our Government, and that 82 cents out of every dollar goes for the payment of defense security, past wars, and various war benefits flowing from the cost of those wars. I think it important that the American people take stock of the fact that we have these divisions of funds in connection with our budget.

Madam President, I think the record is clear that the American economy is going through a period of restriction, when, for prosperity, we must have an ever-expanding economy to take care of the increase in population and to take care of the rightful increase in the demands of the people upon their Government for a better life.

This political philosophical tenet I would have my colleagues never forget, for I think it is an undeniable one: Our constitutional forefathers gave birth to this Republic for the primary objective of promoting the general welfare of all the people under a system of constitutional self-government. That draws a great line of demarcation between those of us who say that people come first and those who seem to feel that things should come first.

If we are to take care of the human value needs of the American people, I say to my administration today, "We have to do a better job of expanding this economy than is being done at the present time," for it is in a program of restriction right now.

The economists tell us that the greatest expansion will not come from new business, desirable as new business is. I am for having a program which will help to create new business to meet new needs, out of which new wealth will flow and from which new tax dollars will flow into the treasuries of the Federal Government, of the States, and of the local governmental units; but the greatest source of expansion for our economy is not new business at all, but the expanding of presently existing business.

If we are to expand presently existing business we must have an inducement for expansion. As I tried to point out in my speech on July 6, the incentive is not there. One of the reasons why the incentive is not there is the tax load, which is taken out of business at the present time.

This is no new position for the senior Senator from Oregon. As early as 1947 on the floor of the Senate I offered tax proposals by way of amendment, suggested by the Committee for Economic Development. I have stood by them ever since, for that group of businessmen, without a Government official on the committee, made an analysis of the tax structure and economic problems confronting this Republic which in my judgment was sound. I sought to implement it with legislation.

I do not know what the word "quit" means. I have not given up.

I am satisfied that our present economic condition calls for the paying of some attention to the plight and to the condition of our own domestic economy first, before we adopt this foreign aid bill. This foreign aid bill should be set aside for a few days until we decide where we are going in regard to a foreign trade bill, until we decide what we wish to do in connection with a tax bill, until we decide what we should do in connec-

tion with every other economic issue which will come before this Congress before we adjourn.

It happens to be the position of the senior Senator from Oregon that this foreign aid bill ought to be the last major economic issue we settle in the Senate. The other issues have rights of priority, in my judgment, from the standpoint of the welfare of the economy of the American people.

I stand here representing the people of my State—not the people of West Germany, of England, of Canada, of Australia, of New Zealand, of France, of Italy, or of any other country. If I were to give major consideration to the economic interests of the people of those foreign countries, then I would be all in favor of getting the foreign aid bill behind us, so that it could not be touched before we get through with this session of Congress. But we owe it to the American taxpayers to set aside the conference report for some days until we take a look at the final tally sheet of the cost to the American taxpayer of the action we shall take on economic issues between now and shortly before adjournment.

So I object to the scheduling of this conference report at this time. Everyone here knows that the senior Senator from Oregon is going to vote for a substantial foreign aid bill before Congress adjourns, but I wish to take another look at this bill in the light of what we shall do or shall not do in connection with other economic issues between now and shortly before adjournment.

Otherwise, we will hear, when the tax issue gets before the Senate, "Oh, but we just got through passing a foreign aid bill, only a few days ago, which calls for $1,818,900,000 for 1963 alone"—a bill which really calls for $3,618,900,000, when we extend it to it the life of the Alliance for Progress program, covered in the bill.

I am worried about the Alliance for Progress program. I am worried about many features of it. I am worried about the reports we are getting that in some places among our neighbors to the south of us there is really no sincere effort being made to adopt the reforms necessary for the self-help program represented by the Act of Bogotá of 1960 and the Act of Punta del Este of 1962. The Senator from Iowa [Mr. HICKENLOOPER] and I represented the Senate at Bogotá in 1960. We carried out what we were satisfied was the consensus of opinion of the Congress of the United States; that we should make clear at Bogotá that the United States would participate in an economic aid program for Latin America conditioned by the understanding that Latin America would help itself, and we did not mean would "help itself" to American funds. We meant that Latin America would engage in a self-help program, whereby it would assume responsibility for paying its fair share of the load of economic, legal, social, and political reform so essential in a good many of those countries if they are really to be effective in raising the standard of living of the masses of the people of Latin America.

No one could state the situation better than did the President of the United States in one of his great historic speeches in support of the Alliance for Progress program. In effect he said, "Unless they follow this kind of program of evolution, they will be confronted with revolution." Unless there is a raising of the standard of living of the masses of people in many Latin American countries, communism will take over. That is as certain as that dawn follows the night.

I repeat the phrase to which the Senator from Alabama seemed to object some time ago. The pouring of millions of American taxpayer dollars into Latin America will not raise the standard of living of the masses of the people of Latin America unless Latin America engages in a program of self-help. If pouring millions of dollars into Latin America should result only in the oligarchs of Latin America making greater profits to invest in Swiss and New York banks, we would speed the day of Communist revolution in Latin America and not postpone it. For that reason I say that in connection with the entire foreign aid program we owe a duty to the taxpayers of the United States to surround the loans and grants with irrevocable restrictions so that they will be available only if, as, and when tax reform, interest reform, land reform, and various legal reforms essential to the democratic way of life and consonant with freedom, and not consonant with any other form of government, are adopted by our Latin American neighbors.

Madam President, we will not help that cause by agreeing to the conference report today before we consider some of the other issues. For that reason I shall move later, as I close my speech, to postpone further consideration of the report until at least August 1.

But speaking about the need for expanding our economy, I sought to discuss the subject on July 6, after I had pointed out that the combined debt of all the free nations of the world was $504 billion. Of that $504 billion, the national debt of the United States alone was $295 billion, leaving the combined debt of the rest of the free world at $209 billion—many billions of dollars less than the debt of the United States alone. At that time I suggested, and repeat today, that our only hope of reducing that debt is to expand and not to restrict our economy. If we would expand our economy, we must expand existing businesses as well as create a desire on the part of entrepreneurs to start new businesses. Most of the expansion of our economy will come from existing businesses.

I am disturbed and alarmed at the number of businessmen who say to me, "I am trying to get my business in the black so I can sell it." Businessmen are not talking about expanding; they are talking about selling their businesses. That attitude will not result in an expanding economy. I should like to see business after business increase its capacity with resulting employment power.

Little has been said in our debates in the Senate in recent weeks about the chronic unemployment problem in the United States, and the prospects of unemployment increasing as automation increases. Those conditions make it all the more important that we try to do things that will encourage an expansion of existing facilities and the creation of new business. We are not going to do so with a 52-percent corporate tax.

I made my suggestion on July 6 before I read anything about the recommendations of economists. They made their recommendations a few days later. Senators will find that in a speech on July 6 I said that a prima facie case could be made for reducing corporate taxes as much as 4 percent, certainly down to 50 percent, in all probability to 48 percent; and I think a good prima facie case existed for cutting such taxes to 46 percent.

Now some of the leading economists in the country are telling us the same thing. The idea did not come out of my head. It was only the result of reading and studying what authorities in the field had been warning the Congress about for some time. Yet we continue to pour millions and millions of dollars into foreign aid. We are doing little for our own economy. For years I have stood with wonderful colleagues in the Senate for a tax reduction to the lower brackets. I once proposed in the Senate a tax reduction by raising the personal exemption to $1,000. We were finally able to get a vote on an exemption of $800. We lost.

But had we adopted either the $800 or the $1,000 exemption at that time, in my judgment our economy would be more viable and healthy than it is at the present time.

I am in favor of taking such action now, because as we make the cuts in the lower income brackets of the many, the tax experts tell me that such savings will flow, almost in their entirety, into the cash registers of the Main Streets of America. That kind of stimulation is needed.

As a devastating argument against the senior Senator from Oregon, it is said, "Ah, but what he proposes, of course, is to increase the deficit. What he proposes is financial irresponsibility, because the result of the tax program that he stands for is bound to increase the national deficit."

So it is—but temporarily.

These are things worse than a temporary national deficit. Unemployed people are worse from the standpoint of their economic plight. Those human beings are entitled to our protection and our assistance. The time has come for us to give some attention to the unemployed in America in many ways. One of the ways we can do so is through the kind of tax reduction that the senior Senator from Oregon stands for. It would help to expand business and produce a quick increase in purchasing power on the part of the employees who pay taxes, and that increase in their purchasing power would create new jobs as a result of the expansion of the economy.

At the rate of unemployment and unused production we are now experiencing, we are going to have considerable

deficits anyway, so it is not a question of whether or not to permit a deficit.

Above all, I am more interested in doing what needs to be done in our own country than in appropriating so much to aid the needy elsewhere in the world. That does not mean that I am not in favor of aiding the needy in the free nations of the world. But if I have to make the choice—and I think the choice is before us—as to whether or not we are going to strengthen now the economy of this country, and thereby help the American people, or weaken the economy of this country, in order to pour millions of dollars into other countries, in some instances well able to take care of their own needs to a greater extent than they have been taking care of them, my choice is clear. I intend to aid my own country.

The economy of this country, I say respectfully but critically, is not being strengthened by Congress in this session. We are not strengthening it if we pass today the conference report on foreign aid until we come closer to taking a look at the totality of the economic action in this coutry prior to adjournment.

I have a few other statistics with which I wish to refresh the memory of the Senate today. I wish to point out that the figure of $295 billion of our national debt is a 1961 figure. We know that it is edging over the $300 billion mark by the end of 1962.

Since the close of World War II, beginning with fiscal year 1946, we have spent about $90 billion in foreign aid, including Public Law 480 funds, through fiscal year 1961. Again I respectfully say to my friend from Alabama that that is not peanuts. It represents what I said earlier this morning, to which he took exception, of our pouring hundreds of millions of dollars through foreign aid into various countries of the world. I simply say that the time has come to call a halt to so much, to take a look, to see whether or not the senior Senator from Oregon and others who share his viewpoint are right or wrong when we say that many of these countries can do a better job of helping themselves.

I have already talked about the fact that we are not getting adequate support from our allies by way of either economic aid or manpower support in southeast Asia.

I wish to say a few things about NATO, for I believe it is true there also. Sometimes I get the notion, as I listen to some of our friends from Europe, that they are laboring under the illusion that we need NATO more than they do. Of course that is not the case. We need NATO, for NATO is vital to the defense of freedom in the world. However, let us not overlook the fact that our European allies need it to. In fact, the first assault could well be on Europe. Certainly from the standpoint of defense and security, we need it less than these European allies.

So I say that our grants of military aid since 1946 through 1961 come to about $29 billion, and loans of military aid come to about $84 million. Let us take a look at that figure: $29 billion in outright grants, complete gifts, for military aid; only $84 million in loans.

I am not quarreling with the action we took at that time, because many of these millions were given to Europe with which to rehabilitate Europe, to build up the defenses of Europe, which had been destroyed by the imperialist governments of Germany and Italy. They were essential to their defense and ours. Had we not used the Marshall plan and the NATO funds in order to rebuild Europe, there is no doubt in my mind that Europe today would be a part of the Communist area of the world. Therefore, let no one say that the senior Senator from Oregon is deploring what we have done.

In recent years I have been critical of our foreign aid program, and I have sought to add amendments to it. Some of them have been adopted. I have been insisting in the Foreign Relations Committee on increasing the percentage of loans and decreasing the percentage of grants. We have made some progress, I respectfully say, but not enough. I stand ready for correction, and will put the exact figure in the RECORD later, if I can have that understanding, but I believe that as of now the ratio in foreign aid is about 66 percent grants and 34 percent loans. Counsel for the committee tells me I am approximately right. That is down from what it was a decade ago, when over 90 percent was outright gifts, and less than 10 percent loans.

However, let us not be misled about the loan figure, either, because a loan is no better than the possibility of its repayment. Any loan that does not result in repayment is, in fact, a gift. We hope that the repayment record will improve, but there is adequate ground for improvement in the record of the repayment of loans.

The point I am seeking to drive home is that we have poured, not millions, but billions of dollars into the defense and rehabilitation of the free world since 1946. One of the reasons that these allies and other free nations of the world have such a small national debt now, compared to ours, is that the American taxpayer really has paid off their debt for them.

It is finally sinking in that the American taxpayer, my colleagues will find when they get home this fall, will say to them in increasing numbers, and I believe rightfully, "When are you going to ask the taxpayers of other free countries to assume a commensurate burden with us?"

I am not going to continue to vote indiscriminately for foreign aid programs, as we have been doing. The cost of NATO should be shared to a greater extent by to other NATO countries. The cost of the southeast Asian operation ought to be shared by the United Nations. We are headed for very serious trouble if we set ourselves up as the police force of the world. Theoretically and philosophically, the United Nations is intended for that purpose.

I will continue to take the position I have been taking in the Foreign Relations Committee of asking pertinent questions as to what the evidence shows as to who else is sufficiently interested in freedom in southeast Asia that they are willing to spend their money and their blood along with ours. The time has come to let the American people fully understand that we cannot continue operation on a unilateral basis in southeast Asia without an increasing loss of American lives. I, for one, do not intend to ignore the French history, for France sacrificed thousands of the flower of her manhood for years in southeast Asia, trying to do the job on a unilateral basis, and France failed. What happened inside France? Read what the historians are already writing about that era of French history. They point out that the French policy in southeast Asia finally resulted in a situation within France that led to serious political repercussions.

I view with great concern the possibility of a 90 percent or greater unilateral U.S. action in Southeast Asia, with a resulting increase in the loss of American boys; for when those flag-draped coffins start coming back to the ports of the West, the American people will have a good many questions to ask about who else in the world is willing to sacrifice their young men for freedom in southeast Asia. I know the flag can be waved into tatters, seeking to give the impression that we can do it alone. But we cannot do it alone. We should not be expected to do it alone.

In my judgment, the postponement of action on the foreign aid conference report for a few days will be about as healthy a notice as we can serve on the world about our increasing concern in the whole field of foreign aid that we could possibly adopt in the Senate. From an educational standpoint in regard to enlightening the world as to the concern we have in the United States Senate about the whole foreign policy program, we should postpone until August 1 the further consideration of the conference report, so that we may have more time in which to study it and gain a better idea of what the program of the Senate will be with respect to foreign trade practices.

Madam President, I hope that no Member of the Senate thinks that a foreign trade bill which will be reported by the committee will sail right through this body without any suggestions of amendments or without any amendments to it. It is my judgment that, as of now, the foreign trade bill, when it comes to the floor of the Senate, will be the subject of a highly enlightening but educational debate for several days. For example, the senior Senator from Oregon will offer an amendment in respect to trade relations between the United States and Canada.

As I stated yesterday in the Senate, and the day before as a witness before the Committee on Commerce, I do not propose to sit in the Senate and vote to liquidate the economy of my State. The lumber issue is so serious that, in my judgment, that is exactly what is being done by our failure to take the necessary protective action against the competi-

tion of Canadian lumber, which is subsidized, directly or indirectly, by the Canadian Government. The lumbermen of my State of Oregon and those of Washington are not concerned about competing with Canadian lumber mills, but they are concerned about competing with the Canadian Government assisted by the Government of the United States. They are making their views pretty clearly known. A meeting will take place in Portland, Oreg., tomorrow night, which I shall attend, and in which I expect to hear a considerable amount of opinion expressed to me by lumbermen who asked for the meeting, and who have made very clear their complete dissatisfaction with this administration's handling of the lumber issue. The senior Senator from Oregon likewise is completely dissatisfied with this administration's handling of the lumber issue, because of the more than 200 lumber mills which have been shut down in my State in the last 12 months.

In due course of time, in connection with the debate which will undoubtedly develop during the consideration of the foreign trade bill, I shall present a large pile of the auctioneers' announcements and descriptions of the property of mill after mill which has been put up for auction as junk.

I have said to this administration: "Your policy on lumber amounts to exporting American jobs to Canada." I do not propose to increase American unemployment. I am not impressed with the Maritime Administration's testimony before the Committee on Commerce. That is why I replied to it the day before yesterday, when Mr. Alexander, the Administrator, was present. Mr. Alexander did not propose a single alternative suggestion as to what might be done about the crisis in American lumber. The attitude of this administration to date has been an attitude of no action. So I have invited the President of the United States to come out to Oregon and explain his position to the people of my State. Let him come out to Oregon and justify to the people of that State—yes, and to the people of Washington and of Idaho, also—the great shot in the arm to the Canadian economy which we gave not so many days ago to the tune of many millions of dollars, on what I know is the theory, and not only the theory, but the explanation, of the administration, that if it were not given, there would be economic chaos in Canada.

Within a few hours after the United States made these millions of dollars of loans to Canada, what did Canada do? Canada proceeded to increase the imposts and duties on a whole series of American goods to be shipped into Canada. Some reciprocity, this. Some appreciation, this.

Western Senators have suggested modifications of the Jones Act or the repeal of the Jones Act, and some of us have suggested that a temporary quota be placed on Canadian lumber coming into this country. We believed our proposal was fair. We sought a temporary quota to be fixed at the point of the last 10-year average of importation of Canadian lumber to the United States. We proposed that Canadian lumber might continue to come into the United States free up to that average point of the last 10 years. But at that point we proposed that Canada pay an import duty, so as to put Canadian producers on an equal plane with American mills.

Madam President, as you well know, because you have attended these conferences, we have never at any time asked to put a tariff duty on Canadian lumber, on a temporary basis, at a point that would put our mills in a position where they would have a competitive advantage over Canadian mills. We have asked only for a temporary quota, which would make it possible for our mills to compete equally with the Canadian mills; because, given an equal break, we can compete. That has been our position.

That has been our position. But what do we get from this administration? What do we get from the Commerce Department? What do we get from the Maritime Commission? What do we get from the State Department? What do we get from the White House? "No"; that is their answer. And I am fed up with it, and my people are fed up with it. It cannot be justified.

Oh, we are told they will take it under study, and will appoint a new study committee. But Madam President, this administration is becoming as bad as the last administration insofar as study processes are concerned. The administration has the facts on the Canadian lumber problem. There is not a single fact involved in this issue that this administration does not know.

So again I say, "Come on, give us some action; we are entitled to it"—because I take the President at his word, and he means his word. I say that in my judgment the President has not been fully informed by his advisers in regard to what the facts are. I think he simply has not had time to fully inform himself. But I wish to say the facts are against his administration; and the time has come for the President to issue some orders in regard to this lumber problem, or come out and tell my people his justification for giving this great loan of millions of dollars to Canada—and I am for the loan—but not taking a course of action which will protect our lumber mills from going broke. Madam President, it is one thing to say that if we do not do this, the economy of Canada will go broke; but I repeat my question to the President: "Mr. President, what am I going to say to the lumber mills in the Pacific Northwest that are going broke because of the failure of your administration to give to the lumber industry the protection it has a right to expect from any administration?

"How do you justify furnishing Canada a market at the expense not of the entire country but at the expense of the Pacific Northwest?" The President told us that he did not intend by his trade program to do irreparable injury to American industry. But I say today, from this floor, to the President, that by this action he is doing it—not personally, but through his administration, for, in view of the facts, it is clear that U.S. lumber mills are going broke, and that fact does not give aid to the increasing numbers of people in my State who are unemployed.

Mr. BUSH. Madam President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. BUSH. I commend the Senator from Oregon for his very eloquent comments on this matter—not only those in regard to the lumber industry—and I am in accord with his views on the facts he has advanced in that connection.

I should like to ask him why it is that Canadian lumber has such a competitive advantage over lumber coming from the Senator's State and from other Northwest States?

Mr. MORSE. Madam President I am delighted to reply to the Senator's question, particularly at a time when my distinguished, lovely, and very able colleague [Mrs. NEUBERGER] is in the chair. My colleague [Mrs. NEUBERGER] has introduced a bill on the Jones Act; and that bill deals with one phase of this problem. The Senator from Washington [Mr. MAGNUSON] and I and other Senators have introduced another bill, dealing with the same act. In that way, we are able to approach this matter with alternative proposals. I have commended my colleague [Mrs. NEUBERGER] for the introduction of her bill, and I repeat that commendation today, because I thought we should get both alternatives before the administration. Her bill proposes that the Jones Act be repealed. The Magnuson bill proposes that the Jones Act be modified in regard to the freight costs for lumber.

As the Senator from Connecticut knows, our American lumber mills have to ship their lumber in American bottoms; they cannot use foreign ships. The Jones Act is an old one; it has been on the statute books for approximately 34 years. It is a defense act; it was put on the statute books in order to protect the American merchant marine, because it was recognized—and rightly so—that we sorely need a merchant marine for security and defense purposes in time of war, as well as for economic reasons in time of peace. And how right we were, for I happen to know that—although I shall not repeat the details now—as a result of a certain judicial job I did for the Secretary of the Navy during World War II, in connection with helping to get some radio operators to man new American ships. At that time we had lost a very large number of radio operators, along with other personnel, because our losses of convoys in World War II were much greater than the American pepole realized at the time; and the Jones Act was put on the books in order to give the American people some reasonable guarantee that we would always have an adequate merchant marine. So it provided that American industry, in shipping lumber, for example, from the west coast to the east coast—and it is in the East that we have this competition with Canada; it is primarily in the East, and also in the Middle West—would have to use American bottoms. But the Canadian mills of British Columbia ship their lumber to the east coast of the United States in

foreign bottoms, and thereby save many dollars per thousand board feet. As is to be expected, there is some dispute in the record as to how much of a saving that is; but the figures vary all the way from $2 to one figure which I recall in the hearings—$14.

Mr. LAUSCHE. Thirteen dollars.

Mr. MORSE. The Senator from Ohio says the figure is $13. My own judgment is that, on the average, the Canadian mills obtain approximately a $7 per thousand board feet advantage, right there.

Mr. BUSH. What is the price involved, and what percentage is the advantage?

Mr. MORSE. That depends on the type of lumber; but this lumber is selling for $40 or $50 or $60 per thousand board feet.

Mr. BUSH. So the percentage difference is more than 10 percent.

Mr. MORSE. Oh, yes; the difference is substantial. In fact, our lumber operators say that if this were the only advantage the Canadian mills had, they could not compete successfully. A relatively small percentage of lumber is shipped by water. Most of it goes by rail; but it is the coastal mills which usually use ocean freight which are having the most trouble. At one time we enjoyed 90 percent of this Midwest-Eastern market; but the last figures I saw showed that we are down to 30 percent.

Oh, the statistician downtown are remarkable creatures. They like to talk in terms of averages. But, you see, a U.S. lumber mill goes broke often because of its location in respect to the competitive advantage that a Canadian mill has over it. So I have talked about the more than 200 mills in Oregon and Washington that have closed their doors in the last 12 months; but this Government sits idly by and does nothing about it, even though this administration has been told about this situation for months.

We may not have many votes, but we belong to the Union. And, Madam President, there is much in the sentence I just spoke, for the tidewater mills are the ones that are closing down—the mills in the coastal towns, rather than the mills in the interior, although many of the interior mills are closing, too. But I refer now particularly to the tidewater mills, those along the coast—mills which, in many instances, have no railroad facilities; in many instances there is no railroad for miles. They are dependent upon water transportation, and our Government sits idly by, and provides them with no competitive advantage equal to that of the Canadian mill, because we say, "We are not going to touch the Jones Act."

So far as I am concerned, the Jones Act is no sacred cow in our economy. I am in favor of keeping the Jones Act, or at least drastically modifying it, although my colleague has a pretty tough case to answer. She points out that, after all, there are relatively few maritime workers left. I think her figures are that there are some 400 or 900 maritime workers involved in manning those ships.

Mr. BUSH. If the Senator will yield, are there other factors——

Mr. MORSE. I am coming to them. Unfortunately, the Senator has asked me a question in regard to which the information and answer I have are full to the brim, and I welcome the opportunity to once again try to educate my administration with respect to the problem. I just hope some time somebody down there will join a reading society and read, because we have put this in print time and time again. I have almost come to the conclusion that we have in this administration, at the upper level, a new nonreading society in American politics.

Let me give another cause of the competitive advantage that the Canadian mills have over the American mills——

Mr. BUSH. May I say to the Senator, parenthetically, that I am sympathetic with his educational exercise.

Mr. MORSE. I did my best to educate the administration when it was of the same party as Senators on the other side of the aisle. I am nonpartisan in this effort. I am trying to do the same for my administration.

Mr. BUSH. I am afraid the Senator will have a more difficult task this time, and I am sympathetic with his efforts.

Mr. MORSE. I did not have any success with the administration of the Senator from Connecticut, but I never give up hope. I hope I shall have more success with this one. I speak jocularly in that respect.

All joking aside, let me give the Senate the next point, which shows the great advantage the Canadian mill has over the American mill. The Canadian Government, as a matter of governmental policy, has made it very clear—and we put into the record in our hearings the statements of their officials—that they will see to it that the Canadian mills get their logs at a price considerably below the price for which the American mills get their logs from our Government. This raises the whole question of the service policy in the lumber industry.

Let me stick with the Canadian situation first. Our lumbermen will tell us—and I have gone into the matter enough to satisfy myself that they are unanswerably right—that the Canadian Government is cooperative; that the Canadian Government sees that the Canadian mills are sold Government logs at a price much below that at which the American mills can buy logs, so that they cannot successfully compete with the Canadian mills at the price which the American mills have to pay for their logs.

The Forest Service will throw back at us immediately, "Ah, but the American buyers, when we have these auctions for American logs, bid up the price above even the appraised price that we put on the logs."

They think the unthinking will stop at that point and that they will rationalize that it is a justification for the American Forest Service policy. But the Forest Service policy of our Government cannot be justified. That is why the Senate has been hearing me and others from the West say the time has come to get the U.S. Forest Service back into the Government, under the control of the Government, subject to the policies given the Forest Service to administer.

That is not what has happened in the Forest Service over the years. The Forest Service has become a little dynasty of its own, practically independent of the Department of Agriculture. So, when we call on the Department of Agriculture for testimony at a Senate hearing, who comes? The head of the Forest Service, but no one from the secretariat level in the Department of Agriculture. The Assistant Secretary of Agriculture who is supposed to have under his jurisdiction supervision of the Forest Service, does not appear. We listen to the technicians.

There is another great department which has jurisdiction of thousands and thousands of acres of the people's timber, the Department of the Interior, with its Bureau of Land Management. When the Department of Interior is called upon to send a witness, who comes? Either the Secretary of the Interior or the Under Secretary of the Interior to speak for the Interior Department policy, and he brings technicians from the Bureau of Land Management with him. There is all the difference in the world between those two departments. This raises an issue of what kind of Forest Service policy we have. We have one that needs thorough revamping, revision, and overhauling.

I have said to Mr. Freeman, Secretary of Agriculture, and I said it to him as recently as yesterday, in a letter, that the Secretary of Agriculture has a firm duty to make clear to the lumber industry that he, as Secretary of Agriculture, is going to be the final determiner of Forest Service policy, and not the technicians in the Forest Service.

An interesting case is being made to show that the policy of the Bonneville Power Administration is to sell Federal power as cheaply and as widely as possible, whereas the Forest Service policy is to restrict sales and keep prices up.

One might almost conclude that a lot of competition is needed in the case of a Government enterprise as much as in private enterprise.

The Forest Service should take lessons from the BPA in how to serve prospective customers, how to stimulate business activity in the region it serves, and how to create jobs instead of eliminating them.

Mr. BUSH. Madam President, will the Senator yield?

Mr. MORSE. I yield.

Mr. BUSH. Would the Senator care to tell us how it is that the Canadian Government makes logs available to Canadian mills at so much lower prices?

Mr. MORSE. The Canadian Government owns the logs. This is Canadian governmental property. The Government sells it to the mills.

Mr. BUSH. So it is Government-owned property?

Mr. MORSE. It is Government-owned property. In fact, most of our lumber mills buy U.S.-owned lumber.

Mr. BUSH. Are not our lands leased to private operation?

Mr. MORSE. No.

Mr. BUSH. Does the Government sell logs to our lumber mills?

Mr. MORSE. The Government sells logs to our lumber mills under the so-called auction system, wherein the Forest Service puts on the logs an appraisal price below which they cannot go. In my judgment, the appraisal price is too high to begin with, but the Forest Service policy is a restrictive policy that does not offer our lumber mills an adequate supply of logs to operate. So they take advantage of our lumber operators.

Let me give the Senator a summary of the testimony of a mill operator, because I hit them with this argument every time I go to a lumbermen's meeting. I have said, "All right, give me an answer to the Forest Service's arguments."

Right into my teeth they say, "Yes, Mr. Senator, the lumber operators bid for these logs at prices higher than their appraised value. That happens."

Well, here is the testimony of a lumber operator: "What would you do, Mr. Senator? You bought a mill. You are employing X number of men. If you idle that mill, it still cost you a great amount of money to keep it idle. Just closing down the mill does not mean you are saved a heavy expense. You have a responsibility to those workers, so you go to the auction. You have to buy some logs if you are going to stay in business. You always hope the price will go up in the next 12 months. You always have to decide, 'How much will I lose if I buy logs at the price the other competitors will force me to pay, compared to what I will lose if I close my mill?' "

I know these lumber operators. They are a group of men of deep social conscience. They do not like to lay off men. They do not like to see families on relief.

Furthermore, the lumber operator says, "And you have another selfish interest, Mr. Senator, in regard to closing down the mill. You hope to reopen. If you close down, the men may not be around later. They will not stay there. If you open 12 months later, you may have great difficulty getting the men you need. You will lose your experienced men."

After all, there are dollars and cents involved in keeping a crew, as the Senator from Connecticut [Mr. BUSH], who is a distinguished businessman, knows. There is no economy in closing down for 8 or 9 months, or for 10 months, and then opening up, getting more men—men who are not familiar with the saws, men who are not familiar with the situation, men who are not familiar with the operation. There is a great loss if it is necessary to retrain within the plant the new employees needed.

So it is asked, "What do we do?" The answer is, "We bid to get the timber, more than we know we ought to bid and more than we know we can get out of it at present prices, in the hope that there will be a great resurgence in the housing program, in the hope that there will be a great resurgence in the building program across the country, in the hope that the prices will go up."

They gamble. Who does not, in business? So they give that explanation.

"But," it may be asked, "what can we do about it, Mr. Senator?" I am glad to answer the question as to what we can do about it.

The Forest Service has what is known as an allowable cut figure for every national forest in this country. The Forest Service determines what is the conservation point. The Forest Service determines how much timber can be taken out of the Willamette Forest, the Siuslaw Forest, the Umpqua Forest, or any of the other national forests, to maintain a sound, sustained yield program, which is what we call the conservation program, to provide for a cut that will not go further than the regrowth, a cut which will guarantee to American boys and girls 100 years from today adequate timber with which to build their houses. That is known as the allowable cut figure.

But the lumbermen will tell us that the Forest Service does not begin to approach the allowable cut. Again, the Forest Service talks in terms of averages.

I understand that Mr. Cliff, the head of the Forest Service, is a little piqued at the senior Senator from Oregon because I said he did a "snow job" on us—or tried to do it, in the Commerce Committee of the Senate. But I did not agree to what he said, because I knew his averages bore very little relationship to the reality of practice on the part of the Forest Service in national forest after national forest. I say to Mr. Cliff today from the floor of the Senate, "You tried to do a 'snow job' on us, but you did not get by with it." And I say, "Mr. Cliff, I am still waiting for the Forest Service to go ahead with the reforms of procedure necessary in order to protect to a greater degree than you are now protecting the legitimate economic interests and rights of the lumber industry of my State, including not only the operators of the mills but also the workers in the mills and the businessmen in the lumber communities, who are all entirely dependent for their prosperity and livelihood upon a mill located in their midst."

I say to the Senator from Connecticut, the chief source of income for the people of my State is lumber. We are what is often called a one-economy State. We are a lumber State. I pray that soon we shall have such a diversity in my State that we shall not be so dependent upon lumber, but we are dependent upon it, so the Forest Service has a responsibility to proceed to offer more timber for sale, to come nearer to the allowable cut; and that is all the present activity means.

What is the alibi of the Forest Service? They say, "Oh, but you people in Congress do not give us enough money."

Mr. BUSH. Madam President, will the Senator permit me to ask a question?

Mr. MORSE. I will come back to that after the question, because I want to pin that down today.

Mr. BUSH. The Senator has painted a very dramatic and serious picture. I am sympathetic along with him.

In my State we face possibilities of a similarly tragic nature, if the trade bill sent to the Senate by the House should be put into effect by this administration without some amendments. I am delighted to hear that the Senator plans to offer some amendments. They are in line, in a general way, with my own thinking about the bill.

The Senator mentioned that several hundred people might be put out of work in mill A, and I am sure there are other mills involved. The Senator mentioned that 100 mills have shut down or might have to shut down, in view of the desperately competitive situation.

I ask the Senator whether the people in that area who have been put out of work, or those who have the mills which have had to shut down, will get very much comfort out of the so-called trade and life adjustment features of the proposed Trade Act? I wonder if the Senator has any view about that.

Mr. MORSE. I will tell the Senator how they feel about it. They are handing out handbills at the entrances to some of our mills.

Did I put that into the RECORD on July 6? No. I put it in my communication to the President.

I will tell Senators about the handbill, which is being handed out at some mills. It says:

> Wanted: 700 Japanese people. Must be citizens of Japan. Apply for visas to Senator MORSE, of Oregon, and Mrs. EDITH GREEN, of Oregon. Jobs are available in plywood factories and offices as soon as Mr. Kennedy's trade bill passes. Rice will be furnished. Wages will be the same as those paid in Japan. Other fringe benefits will be paid the same as in Japan. Applications taken at Irving Road, just off Highway 99.

That is their answer to this administration in connection with another phase of this problem, which I shall discuss later.

I am not in a hurry to vote on this conference report. I might as well make the record now as well as at another time, so I will make it this afternoon.

Mr. CAPEHART. Madam President, will the Senator yield?

Mr. MORSE. I yield.

Mr. CAPEHART. Does not the Senator feel that he could multiply the experience in the lumber industry and what has happened there, as so ably described, many, many times, perhaps even hundreds of times, if we should get free trade in America and should pass the President's proposed trade bill?

Mr. MORSE. I am suggesting we not act on the conference report on foreign aid until we first give consideration to the trade bill and to the tax bill, because they are all inseparable, intermingled economic issues. We ought to take a look at the whole picture before we decide to act on this conference report, because we may find ourselves in the position that we shall wish to send it back to conference with instructions.

Here is one vote to do it—here is one vote to do it, I say, if we cannot get some

relief from the administration with regard to the type of problems I raise this afternoon.

Mr. CAPEHART. Madam President, will the Senator yield further?

Mr. MORSE. I yield.

Mr. CAPEHART. I wholeheartedly agree with the Senator. I shall vote that way myself.

Mr. MORSE. I shall come back to this point I was making in regard to what is the reaction of our workers in my State. I tell Senators, this is too hot to handle—too hot to handle if one tries to sustain the administration's policy. So I have invited the President out to see what kind of a job he can do with this "hot potato."

Mr. WILEY. Is he going?

Mr. MORSE. All joking aside, we must protect our own economy if we are going to protect our security. We are not protecting our economy.

Mr. BUSH. Do these workers realize what the trade bill that the Senator is discussing would do with respect to their own lives, and that the answer to the unemployed will be to put them on the dole and try to retrain millworkers in the lumber mills for some other occupation, moving them to some other part of the country? Have the people in Oregon considered that possibility yet?

Mr. MORSE. In all honesty, I do not believe that, as of now, the people could pass an examination on the foreign trade bill, and they should not be expected to do so. But I will tell the Senator what they have a right to expect. They have a right to expect that the senior Senator from Oregon will take the facts to them. I intend to do so.

Madam President, one of the reasons that the Forest Service gives for not putting logs up for sale to the extent of the allowable cut in the various forests is that Congress has not appropriated enough money for the necessary personnel to prepare for the sale. The argument is "phony" from two standpoints.

We are dealing with a business operation. It is a proprietary operation of the Federal Government. It is not sound business to let hundreds of thousands of board feet of overripe, diseased, insect-infected, and windblown timber go to waste. So I am sorry that the Forest Service plays that kind of politics on the issue.

To the Forest Service I say, "All you are doing by that below-the-belt political argument is putting your friends in Congress"—and I happen to be a friend of a sound forest program—"in such a position that all they can do is to take the facts to the American people, and those facts will not accrue to the credit of the U.S. Forest Service."

What the Forest Service had better do is to cooperate with us in trying to manage the forests on a better business management basis than the record of the Forest Service to date shows.

Mr. CAPEHART. Madam President, will the Senator yield?

Mr. MORSE. I yield.

Mr. CAPEHART. I gather from the remarks of the able Senator that the reason lumbermen pay higher prices for the logs than they would like to is that there is such a shortage of them at the public auction. If more logs were sold at auction—perhaps if twice as many were offered—the price would be less.

Mr. MORSE. That is the point I make.

Year after year the Congress has been appropriating to the Forest Service more money than the Forest Service has requested. We have to cram it down their throats. In fairness to the Forest Service, it must comply with the budgetary requests of the President through the Bureau of the Budget. But it is not "cricket" for the Forest Service to try to pass the buck to our constituents and leave the impression with our constituents that we in the Congress are responsible for the fact that the Service does not put up more timber for sale when year after year it asks for much too little money in order to reach the allowable cut.

We are talking about something which in the long run, does not cost the taxpayer a red cent. The money the Congress makes available to the Forest Service for the necessary personnel to administer the allowable cut in our national forests pays into the Treasury of the United States many, many times the amount of the appropriation. By not offering sales up to the allowable cut—and I speak advisedly—the Forest Service is wasting many millions of the taxpayers' dollars each year in respect to overripe, diseased, and windblown timber alone. If we could only get out from under the allowable cut program the diseased, overripe, and windblown timber, the return to the Treasury of the United States from the sale of that timber would make whatever appropriation is provided for the Forest Service de minimis in comparison.

Neither the Forest Service nor the Congress of the United States can repeal the law of supply and demand. It is that simple. The reason the price increases above the appraised value is that only a limited supply of logs is available on which lumbermen can bid.

Mr. CAPEHART. For example, to use a figure, if only 1,000 logs are available when 2,000 logs are needed, the buyers will naturally bid up the price.

Mr. MORSE. Or else the mill will be closed. As I have said, mills are not closed for nothing. The companies would lose both ways.

So in answer to the question of the Senator from Connecticut [Mr. BUSH], one of the things that can be done to meet the competition is to see that at least we get the allowable cut of logs up to the point where we provide the amount of logs that will meet the demand.

I point out a great conflict in responsibility in the management of the Federal forests. Some have asked, "Why should not the auction procedure be modified so that logs would be sold according to a negotiated procedure by which the logs would be offered to mill A, mill B, mill C, and mill D on a negotiated contract basis?"

There is a great deal of pressure in the lumber industry for that approach. I have opposed that approach. I am still opposed to that approach. Many lumbermen do not like that. But the Forest Service is also the business manager for the people in that public business, and it has an obligation to see to it that a fair price is obtained for the timber. Some lumbermen will say to me, "Senator, of course, the Canadian Government will continue to reduce the price; and therein lies an economic danger."

But, as I have said to the administration, I have assumed that all our diplomatic channels were not blocked. I have assumed that diplomatic negotiations can be carried on with the Canadian Government with respect to a subject such as the one we are discussing if it is doing irreparable injury to our relationships—and I assure Senators that it is. So I would like to try to come nearer to offering the allowable cut-for-sale in our forests each year and see what that result will produce.

The western Senators fought that fight, but they received virtually no help from the State Department. We are greatly concerned about the Japanese being offended, or the Canadians being offended, or the British being offended. They never seem to have any hesitancy in protecting their economies. I am not asking that we exclude them. I am asking only for trade policies that will put us on an equal competitive footing with them. Is that un-American? Sometimes I believe that some of my critics think so.

As I say, that practice will be resumed. The Japanese stopped it because they got into monetary difficulties 6 or 7 months ago. The most recent report I have received from people who have traveled over there is that Japan is in a much better monetary position, and the expectation is that they will resume the purchase of logs in great quantities. That will make our problem even more intensified so far as the deleterious effects on the Oregon economy will be concerned.

Canadian mills enjoy a good many other advantages. They enjoy some productive cost advantages. Interestingly enough, they enjoy some technological advantages, because some of the most recently built mills in Canada are the most modern in the whole Pacific area.

So we say to our Government, "We think you ought to work through the State Department. We think you ought to work through the Maritime Commission. We think you ought to work through the Commerce Department. We think you ought to work through your own diplomatic channels.

I come now to the last great competitive advantage I shall mention, which Canada enjoys. Canada has devalued her currency to 92½ cents on the dollar.

That is a great competitive advantage to the Canadian operator. We cannot do anything about it in Congress, but we would like to think that we have reason to believe that our Government was seeking on the diplomatic front to try to do something about it, for this factor gives to Canada a great competitive advantage. That is one of the competitive ad-

vantages which Canada has over the U.S. mills.

There has in recent months also been a so-called Japanese log problem. The practice referred to it will be resumed soon. Until a few months ago Japanese purchasers came into Government auctions and competed with American lumber operators for logs, which were already in scarce supply. They paid a price for logs that can best be described as fantastic—$20, $25, $30, $35 a thousand more than an American bidder could possibly bid. The logs were shipped to Japan. I was heard to say at the time that this is, in effect, the exportation of American jobs to Japan, because it results in closing American mills and putting American workers out of work.

We like to point to the fact that there is not a soldier nor a fort along the American-Canadian border. We are all proud of that. But there is something on the Canadian border that is playing havoc with the economy of this country. It is the competitive advantage that we are allowing Canada to exercise against American business.

We ought to be in diplomatic negotiation with Canada in regard to the devalued currency. I had thought and hoped that it was probably in the back of the mind of the administration, when it gave the great economic shot in the political and economic arm of the Canadian Government by way of the huge loan, that there would be reciprocity, some expression of cooperative good will on the part of Canada in respect to her devalued currency. However, the first stories that appeared afterward in the press were with respect to the possibility that Canada might devalue the currency even further. They have not done so yet. I suppose we should be grateful for small things.

It is not pleasant to make a speech of this kind on the floor of the Senate. It is not enjoyable to point out on the floor of the Senate deficiencies in my administration. I have attempted to avoid it. I have sought for months, under our check-and-balance system, through negotiations with the administration to arrive at some adjustment of this program, but to no avail. So, Madam President, we must continue the battle. So far as the senior Senator from Oregon is concerned, we must battle it out on the legislative front.

I repeat what I said the other day. I do not propose to vote for administration measures which in my judgment would result in liquidating the economy of my State, for the benefit of Canada or any other nation. I hope the President goes out to my State, and that he will give a satisfactory answer—I do not know what it will be—to the fact that we can afford no relief from irreparable injury to American lumber, but we can give relief to the textile industry. I voted for relief for the textile industry, may I say to my good friend from Rhode Island [Mr. PASTORE], who has just come into the Chamber, because it deserved it, and because the trade policies of my Government entitled it to such relief.

No one can successfully dispute the fact that the lumber industry is suffering irreparable injury.

So Madam President, when the President of the United States, if he accepts my invitation, goes to Oregon to talk to my people about this problem, I hope he will be able to explain to them why he should favor relief for the textile industry, but no relief for the lumber industry.

Let us not forget that the advocates of textile relief did not ask for full protection. We are not asking for it for lumber.

The sound position of the advocates of relief for the textile industry was for protection only to the point where they could successfully compete on a fair basis with their competitors.

Mr. PASTORE. Madam President, will the Senator from Oregon yield?

Mr. MORSE. I yield to the Senator from Rhode Island.

Mr. PASTORE. I am very much refreshed and encouraged by the eloquent remarks by the Senator from Oregon, but I hope one thing and express it almost as a prayer: I hope that the relief to the textile industry will not turn out to be a myth.

Mr. MORSE. I hope so, too.

Mr. PASTORE. I talked with a representative of the industry only yesterday. He reports there has been a tremendous influx of textile goods from abroad. Actually, as of this time, 92 percent of the 1962 quota has already entered the country, and there is a strong possibility that it might reach 130 percent of what was imported in fiscal 1961. If that happens, the whole purpose of international agreements will be defeated.

Mr. MORSE. If that is true, we had better get to work. I am sure the Senator from Rhode Island would share the point of view that we are desirous of working with the executive branch of the Government so that we may have reciprocity. There must be reciprocity, such as was provided with respect to the textile industry.

Mr. PASTORE. I agree with the Senator from Oregon. I think many of these problems can be settled between nations on a bilateral or a multilateral level. Often times the mistake we make is that we do not try to impress or convince our friends in other parts of the world that sometimes our domestic industry is in trouble. I am for a trade bill. I am for the international exchange of goods. At the same time, I think it is not necessary to sacrifice American industry in toto before reciprocity can be achieved.

Mr. MORSE. I could not agree more with the Senator from Rhode Island; in fact, I think he has stated the major thesis of my remarks this afternoon in respect to the trade section of the bill.

I answered in some detail the question of the Senator from Connecticut [Mr. BUSH] with respect to the Canadian-United States lumber problem. I could say much more about it, but I have discussed it previously in the Senate. I shall now move to another facet of my speech.

I have discussed the trade problem because, in my judgment, it illustrates why the Senate should postpone for several days the further consideration of the conference report on foreign aid. Such a postponement will enable us to have a better idea of where we are going in respect to foreign trade and where we are going with respect to taxes.

Madam President, I wish to repeat the figures I used on July 6. Let us look again at the vital statistics with respect to economic aid. Economic aid since fiscal 1946 has totaled $61.5 billion, of which $40.5 billion has been in grants and $21 billion in loans.

Even in the economic field we have not even come close to a 50–50 percentage division on loans versus grants. Our aid to so-called underdeveloped areas since fiscal 1946, to the beginning of 1962, has totaled about $48,400,000,000, of which $30,400,000,000 was economic aid, and $13 billion military aid.

Let us examine the table I used on July 6. Our military aid since 1946 has been $84 million, grants, $28,797,600,000.

Economic aid: loans, $21,122,300,000. Grants, $40,391,200,000.

To NATO countries: grants, $16,070,800,000. Loans, $36,600,000.

I only repeat that the time has come for Great Britain, France, Italy, the Low Countries, Norway, West Germany, and Portugal to pay a much larger share of the NATO costs. Talk about the balance-of-payments problems: We cannot keep the personnel we are keeping in Europe and not expect to have balance-of-payments problems. As a member of the Committee on Foreign Relations, I intend to press the administration to demonstrate to me why we should continue to keep the personnel in Europe in the numbers we are now keeping them there.

I do not know why we cannot have the assistance of the countries we have helped to rehabilitate, most of which are now in a better economic condition than they have ever been in, and much better than they were in before the war. Not only that; their industries are equipped with more modern equipment than can be found in some industries in the United States. Yet it is we who have helped them to rebuild their economies. In many countries of Europe are steel plants the like of which, so far as modern equipment and ability to produce are concerned, cannot be equaled in the United States, so the experts tell me.

Mr. GRUENING. Madam President, will the Senator from Oregon yield for a question?

Mr. MORSE. I yield.

Mr. GRUENING. Am I wrong in assuming that the senior Senator from Oregon is not wholly satisfied with the present administration of the foreign aid program?

Mr. MORSE. I have made a number of understatements today; but the statement of the Senator from Alaska exceeds mine in understatement.

Mr. GRUENING. I thank the Senator.

Mr. MORSE. Madam President, what is proposed this afternoon is that the Senate just go ahead and give approval to the conference report which came to us today, a report which involves huge sums of expenditure, without our waiting for final action on foreign trade and taxes and the other economic issues which confront us. All that the senior Senator from Oregon is saying is: Lay the conference report aside. There is no hurry. The House will not act on it for some time, I am told. There is no rush. Let us wait. Let us look at the other economic issues before we decide whether we wish to commit the taxpayers to the huge expenditures which are called for in the bill.

I said earlier that one of the arguments used against the tax position which I took on July 6, which was a repetition of the position I have taken for a long time, was that it would increase the deficit, and that that is supposed to show that the senior Senator from Oregone is financially irresponsible. I have said that there are things worse than a temporary deficit. My proposal would increase the deficit temporarily. But I will tell Senators what the issue raises. It raises the question as to whether we have an abiding faith in our economic system. In my judgment, if Congress gives the economic system the sustenance it needs, we will not have to worry about its vitality and its power to grow and expand, with all the redounding benefits to the individual taxpayer, the individual consumer, and, yes, to all our citizens.

I believe we must feed into our economy, in the weeks that remain between now and adjournment sine die, a sustenance that the economy sorely needs. That sustenance is a trade bill which will protect American industry, be it lumber, textiles, or anything else, from irreparable harm and damage.

This administration said, when it promulgated its program in the first instance, that that was its intention. I say to the administration that such as I have read thus far about the foreign trade bill, based upon the House committee hearings, indicates that it will not protect a good many American industries from irreparable damage; and, irrespective of the political consequences, I will not and I cannot vote for such a bill; and I do not intend to vote for such a bill unless we can get it in some needed amendments which will protect the greatest defense weapon we have—namely, our free economy.

There is another sustenance which we need to feed into our economy if we are to keep it a strong defense weapon for the economic way of life in America, and that is tax reduction, to which I addressed myself on July 6—both a reduction of the corporate tax and an increase of the income-tax personal exemption—the former down to as low as 46 percent, if the facts warrant that; and I think a prima facie case exists for that much of a cut. I said so then, and I repeat it now; and, Madam President, I also say, this afternoon, that many tax economists have, since I made that speech, and without knowing of my point of view, stated that they think the corporate tax should be reduced to as low as 46 percent.

Also—and I have proposed this for many, many years, here in the Senate—there should be an increase of the income-tax personal exemption to at least $800—although I prefer an increase to $1,000—which will give immediate relief to every taxpayer in the country. That will make itself felt immediately in the cash registers, and that will result in increased industrial activity, which will result in increased employment. Once those things are done, those economic results will automatically follow.

As for the deficit which temporarily will result, I have a suggestion to make: Let us first take these actions, and then let us take a long, hard look at this conference report, and proceed to trim downward some of our foreign grants—and I emphasize that I am speaking of the grants. Let us then trim down some of our foreign grants, in order to take care of the deficit and protect our own people and our own economy.

Madam President, I well realize the hullabaloo that would be stirred up in this country if we did that; but we had better do it, because increasing thousands of American people are turning their eyes toward this Congress, for they are satisfied that we cannot continue with this kind of a foreign-aid program and also keep our economy strong. So I am ready for all the arguments to the effect that such a course would be supposed to weaken freedom around the world. Actually, Madam President, it will strengthen freedom around the world.

It may cause some countries to take a second look at their own policies and to do a little more self-help of their own. It may impress our allies—at long last—with the fact that the time has come for them to "pay more of the freight" and that the time has come for them to demonstrate, by action, a true appreciation of the great assistance we have given them since 1946.

Madam President, I think I have raised this afternoon some great policy questions, not only in connection with foreign aid, but also in connection with foreign trade and taxation and foreign policy generally. They cannot be brushed under the rug; one cannot run away from them. I think we should not proceed to get ourselves in a position of final commitment on this foreign-aid bill—which, as soon as it can be taken to the White House, once the House of Representatives and the Senate have agreed to it, will result in Presidential signature, thus making this measure irrevocable for the time being—until we determine what we are going to do about these other economic questions which bear such a direct relationship to so many facets of our foreign-relations program.

Therefore, Madam President, I propound the following parliamentary inquiry: At this time, as I close my speech, if I move that final consideration of the conference report be postponed until August 1, first, will that motion be in order; and, second, if it will be in order, will it result in my foreclosing further debate on this subject matter?

Let me state that I have no intention of foreclosing further debate on it. Of course, it is my opinion that a motion to postpone is debatable, and that we could then proceed to discuss it ad infinitum—and we might have to do that. But I only want my opponents in this debate to know that my intention is not to foreclose debate, but only to make the motion.

Madam President, inasmuch as I now have the floor, if I am correct in assuming that such a motion will be in order and that, following the motion, the debate can continue, I should like to make the motion that the further consideration of this conference report be postponed until the beginning of debate on August 1.

The PRESIDING OFFICER. Such a motion would be in order and would be debatable.

Mr. MORSE. Then, Madam President, I so move.

The PRESIDING OFFICER. The motion has been made.

TRAVEL FROM ABROAD

Mr. MAGNUSON. Mr. President, last year the Senate passed legislation which, in the light of the present discussion, is more or less foreign aid in reverse. We adopted the so-called travel bill which established the U.S. Travel Service in the Department of Commerce, to encourage bona fide foreign visitors to see what America is all about, and to help us with our balance of trade deficits.

We had high hopes that the flow of visitors would be greatly increased. I am happy to report that our hopes have been and are being realized to a point far beyond any reasonable expectations. To cite a few figures, visitors to the United States from worldwide sources have increased 18 percent in the first 4 months of 1962. The total of visitors from European countries was 21 percent higher than in the same months of 1961, and tourists from France raised the 1961 percentage for the period by 52 percent. The same figures apply to Asian countries.

These are not missions or official travelers. These are bona fide visitors coming to this country. All of this, of course, happened in the initial year of the existence of the travel service. During this first year U.S. transportation and other industries stood to benefit from this increased travel from abroad, and they have been shaping their plans to take care of the visitors.

I was glad to note that the Greyhound Bus Line has inaugurated a $99, 99-day "See America" ticket for visitors from abroad, and has now made that ticket available to foreign students in this country after they have completed 3 months of service.

Within the recent past all visitors to this country have been offered an extension of the Greyhound Lines' 99-day, $99 "See America" tickets, under which the Sheraton Hotel Corp. will allow travelers

a guaranteed-in-advance $6-a-day hotel room, plus meals at $6 a day, if desired.

Under the Greyhound plan, a traveler may use one ticket and travel anywhere and as much as he wishes in 99 days. The Sheraton Hotel plan is expected to be followed by similar plans.

Under the Greyhound travel plan, the visitor from abroad may start at any port-of-entry city and travel over Greyhound routes to as many places as he wishes to visit, with stopovers wherever he wishes, all at the one low fare of $99.

Pan American World Airways is participating in this plan, with a $250,000 advertising program overseas, for visitors to the United States.

As the U.S. Travel Service and related "Visit America" programs gather momentum, I believe it is reasonable to predict that over the years many hundreds of thousands of visitors from foreign lands will have an opportunity to really get to know America and its people and to be impressed with the fact that the United States is not the imperialistic, power-hungry land that some proclaim us to be.

These visitors from abroad will leave behind them, along with their friendship, many millions of dollars to help to balance our trade deficit. Both results are important, but I have no hesitation in saying that the impressions of America which will be gained by the visitors will be of far more value to us than the dollars they leave behind.

I think a big vote of thanks is due the corporations which are contributing to this program. Programs are afoot to enable the railroads also to participate. Other hotels will participate, as will automobile rental services and many other facilities which visitors to the United States will use. The result up until now has been an increase of 21 percent in travel by visitors to the United States. I look forward to seeing that amount almost double itself when the program really gets underway.

OPERATION BAILOUT WILL NOT ACHIEVE THE OBJECTIVES OF THE ALLIANCE FOR PROGRESS

Mr. GRUENING. Mr. President——

The PRESIDING OFFICER (Mr. HICKEY in the chair). The Senator from Alaska is recognized.

Mr. GRUENING. Mr. President, I am most gratified by the action of President Kennedy last night in suspending Alliance for Progress aid to Peru. At almost the same time when the administration was acting, I had prepared for delivery today, and had distributed to all Members of the Senate, remarks urging such action and similar action with respect to Argentina and Brazil, where similar situations have been permitted to develop without corresponding action on the part of the United States.

The remarks which I prepared for delivery today are most timely, in view of the events of the past 24 hours in Peru. The question which all of us must ponder is whether, if we had taken decisive action months ago to cut off Alliance for Progress aid to Argentina and Brazil, the tragic events in Peru might have been forestalled. We shall never know the answer to that question.

But this much we can foretell with certainty: Unless we act firmly to show our allies for progress in Latin America that we mean what we say, that we will deal only with stable governments representing the people and being in a position to give realistic assurances that the self-help measures of the Alliance for Progress will be carried out, we can expect more and more events such as the ones taking place in Peru today.

Mr. President, the daily papers contain reports of continued unrest and upheaval in Peru and the continued instability of the Government of that country. Unfortunately, in obtaining an overall view of the stability of governments in Latin America, one must add to Peru the Governments of both Argentina and Brazil.

As James Reston stated in his column in the New York Times of July 18, 1962:

> In this hemisphere, Canada is limping along with a minority government, and in Brazil and Argentina you can scarcely tell who's in power without a daily scorecard.

I am concerned, Mr. President, about the effects which this governmental chaos in three Latin American countries has had and will have on the attainment of the goals of the Alliance for Progress. My concern is not alone with the three countries in which governmental control swings back and forth from power group to power group and there is no certainty which group will emerge in control and how long it will be there. My concern is also with those countries in Latin America which have relatively stable governments but which may be swayed in the actions they will take in carrying out the "self-help" provisions of the Alliance by our inconsistency in dealing with other nations.

On the first anniversary of the Alliance, President Kennedy told the Latin American ambassadors assembled at the White House:

> Those who make peaceful revolution impossible will make violent revolution inevitable.
>
> These social reforms are at the heart of the Alliance for Progress. They are the precondition to economic modernization. At the same time we sympathize with the difficulties of remaking deeply rooted and traditional social structures. We ask that substantial progress toward reform accompany the effort to develop the economies of the American nations.

I, too, believe that "self-help" marks the foundation of President Kennedy's Alliance.

How then does the uncertainly in Peru, Argentina, and Brazil affect the attainment of the Alliance's objectives?

In the first place, in making commitments to these nations for American economic aid in the development of their economies, how great a certainty attaches to the commitments made by those countries in return that the reforms contemplated by the Alliance will be begun and carried out?

The uncertainty in Peru, Argentina, and Brazil has been long standing.

Which is the government in power—and for how long?

Will the commitment of the government in power today to institute economic and social reforms be honored only in the breach by the government of tomorrow?

Can the government of today bind the government of tomorrow in the light of the unrest of today and the uncertainty of tomorrow?

Consider, Mr. President, the uncertainty that has prevailed in these three countries over the past years.

First, Argentina:

Beginning in the latter years of the dictatorship of Juan D. Peron, there was an uneasy rule in Argentina, always with the latent possibility that the dictatorship would be overthrown. After his overthrow a provisional government was replaced by a military junta under the provisional Presidency of Maj. Gen. Pedro Aramburu. Then came the election of Dr. Arturo Frondizi as President on February 22, 1958, followed by his ouster recently and his replacement by President Guido, at the hands of the military, and President Guido relies heavily on military might to stay in power.

Through fiscal year 1961, Argentina has received a variety of international loans and grants totaling well over half a billion dollars—$596.4 million. In fiscal year 1962, Argentina received an additional $80 million in such loans and grants. For the current fiscal year, Argentina received an additional $80 million in such loans and grants. In addition, for the current fiscal year, there is programed for Argentina the sum of $3.8 million in grants from the United States and between $100 to $125 million in so-called development loans.

As our AID representative in Buenos Aires negotiates with the representative of President Guido for an agreement under which additional U.S. foreign aid will be paid to Argentina and the latter, in turn, agrees, if he does, to undertake needed "self help" reforms, what assurance is there—in the light of Argentina's history in the past 7 years—that the present government may not shortly be replaced by another government which will ignore the agreement made by the government of President Guido?

Then let us consider Brazil:

Since the resignation of President Quadros, under the Presidency of Goulart there has been political turmoil in Brazil, under the ever-watching and restraining eyes of the enemy.

However, through fiscal year 1961, Brazil has received in international loans and grants the sum of nearly $2 billion—$1,890,400,000. In fiscal year 1962 it received an additional $200 million. And, programed for 1963, is at least $24 million in grants and $140 to $160 million in development loans.

How can we justify a grant of $24 million to Brazil next year, in addition to a loan of from $140 to $150 million, when the governmental situation is such that no one really knows who is in charge today or who will be making the decisions tomorrow? How can we secure a firm commitment to institute the reforms required by the Alliance for Progress from governmental leaders who may or may

not be around to see that the commitment is carried out?

In an editorial in the New York Times for July 15, 1962, the following statement is made:

A British authority, William Clark, Director of the Overseas Development Institute, recently warned "that the economic division between the rich nations and poor will widen till all hope of a stable world community is destroyed."

A swift glance at some of the individual nations of Latin America deepens the gloom. Mr. Kennedy is not going to Brazil because that largest and most important Latin American country is in the midst of a veritable crisis of the state, with an inflation of 5 percent a month and mounting popular discontent. Argentina is going through what is certainly one of the worst and most dangerous crises in her history. The political, economic, and social aspects of Argentina today are frightening to contemplate.

I wonder, Mr. President, whether the time has not come to reconsider our position in our foreign aid grants to nations with manifestly unstable governments such as Peru, Argentina, and Brazil?

Our actions with respect to those nations could have a profound effect upon the success or failure of the Alliance for Progress in the other Latin American nations.

We have two choices, Mr. President.

We can approach one of these unstable governments and place the facts firmly before it and say: "In order to adhere to the basic principles of President Kennedy's Alliance for Progress, we must be assured that necessary economic and social reforms will be undertaken before committing funds. In view of the instability of your government, we can make no commitment of foreign aid until the government has been stabilized. We will give you adequate assurances that, when such stabilization is achieved and the government is prepared to undertake the necessary social and economic reforms, U.S. economic assistance will be available."

It may be that in some countries this may be an added incentive to achieving stability.

It is a far, far better approach than the alternative of being dragooned by crisis after crisis into making huge grants of funds on vague promises by heads of governments who may be here today and gone tomorrow.

"Operation bailout" in our foreign aid program should cease.

I appreciate that the social, economic, and political backgrounds and the current situations in each country in Latin America are different and that the attainment of the goals of the Alliance for Progress must be pursued and our assistance given in each in a different manner.

But it does seem to me that the time has come when we should firmly establish the principle that a prerequisite to our grants of large sums of foreign aid under the Alliance for Progress is that each country should stabilize its government so that long-range plans can be firmly made.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GRUENING. I yield with pleasure to the distinguished chairman of the Subcommittee on Latin-American Affairs, who is so knowledgeable in regard to this whole situation.

Mr. MORSE. I highly commend the Senator from Alaska for the great speech he is delivering in the Senate. I do not refer to many speeches as being "great" speeches. In my judgment, the Senator from Alaska has cut right down to the essence of the problem confronting us in regard to the whole Alliance for Progress program. The last paragraph he has read bears out the position which the senior Senator from Oregon has taken with regard to the self-help program connected with the Alliance for Progress. Unless these nations are willing to help themselves, unless the reforms are forthcoming, unless the oligarchs are willing to invest their money in the economic potential of their respective countries rather than in foreign banks, in my judgment we cannot justify taking these great sums of money from the American taxpayers to send to Latin America only to entrench more deeply maladjustments which already exist, which, if not corrected, will drive those countries into the arms of communism.

I am glad the Senator from Alaska is making this speech, because he is one of the authorities not only in the Congress but also in the country on many phases of Latin American problems. The book written some years ago by the Senator from Alaska on Mexico is still a classic on the subject. It is still used by students and scholars as a "must" reading book for any study of Latin America which pertains to Mexico.

I think it is of great significance that the Senator from Alaska is raising these warning flags today in connection with this whole foreign aid program. It is in line with the attempt by the senior Senator from Oregon earlier this afternoon to try to point out that now is the time for us to take a long, hard look at the whole foreign aid program. That is why my motion is pending to postpone action on the conference report until at least August 1.

Mr. GRUENING. I thank the Senator for his very helpful comments.

Waste of American taxpayers' dollars at any time must be avoided with all the powers at our disposal. But waste by granting American dollars to unstable countries must be avoided especially at this time when our balance of payments is so unfavorable. In that connection, Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an editorial from the Washington Post and Times Herald of July 17, 1962, entitled "Gold and Dollar Confidence."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

GOLD AND DOLLAR CONFIDENCE

Last week's loss of $137.5 million in Treasury gold once again raised the persistent problem of international financial liquidity.

The principal gainer was France which reduced its very large stock of dollar assets by purchasing $112.5 million of gold from the Treasury. The fact that this blow was cushioned by a decision to repay far in advance $293.4 million in Marshall plan debts underscores the vital issue of confidence. Because of the leadership which the United States has assumed in bolstering first the economies and then the defenses of the free world, the dollar has become a "reserve currency." Foreign central banks now hold more than $12 billion of short-term dollar obligations which, under the international gold exchange standard now in force, can be used to purchase gold from the U.S. Treasury.

The question of confidence arises when the foreign central bankers decide how much of their countries' monetary reserves should be held in gold as against dollars. They strive to maintain "safe" gold ratios because of the ever-present fear of a devaluation which would take the form of an increase in the dollar price of gold and thus reduce the value of their dollar assets. The losses incurred through currency devaluations in the 1930's have been indelibly impressed on their minds.

France, which is running the largest balance-of-payments surplus in the free world, purchased the Treasury gold in an effort to raise her gold ratio from 65 to a more "normal" 75 percent. This decision reflects in no small degree the penchant of the French peasants for hoarding gold coins as hedge against inflation.

While the French action is not expected to lead to further purchases of Treasury gold, it came at a time when rumors of devaluation had driven the dollar price of gold on the free London market to within a fraction of its 1962 high. This rise occurred in the face of an improvement in the U.S. balance of payments and has continued in spite of a strong statement from Robert V. Roosa, the Under Secretary of the Treasury for Monetary Affairs, that the United States is determined to maintain the present par value of the dollar.

There are no simple solutions to the problems posed by weakened confidence in the dollar. The United States cannot relinquish its role of world leadership. And any attempt at general currency devaluation, no matter how well coordinated, might cause irreparable damage and benefit only the Soviet Union and the Union of South Africa, two of the leading producers of gold.

Cooperation between central banking authorities has of late done much to relieve the pressure on the dollar, but clearly a more permanent mechanism for augmenting international liquidity is required.

Mr. GRUENING. Mr. President, according to the Treasury Department, our gold reserves on July 12, 1962 reached the low point of $16,297,635,802.80. Despite these low stocks of gold and the closing of most gold mines in the United States, Secretary Dillon has seen fit not to support S.J. Res. 44, which would provide for a subsidy for newly mined gold. Whatever the reasons may be for this attitude on the part of the Secretary of the Treasury—and no understandable reasons have so far been advanced—at least let us stop immediately this waste of American dollars by shoring up unstable governments in Latin America on the vague promise that some day, some time, and some how a government will emerge in Peru, in Argentina and in Brazil that will be capable of instituting the reforms which are the very heart of President Kennedy's excellent Alliance for Progress program.

I make this plea because the example we thus set will prove contagious. Other nations in Latin America, seeing the unstable governments of Peru, Argentina, and Brazil receiving United States dollars purportedly under the Alliance for Progress, can only conclude

that the United States really does not mean what it says. The reforms expected under the Alliance will not be easy to achieve in many of the nations. They will cause a changed way of life for many people. Instituting these reforms will encounter severe resistance. We play into the hands of those who would resist reform if we continue the inconsistent policy under which we grant funds to governments so unstable that there is little hope of that government's having the power to institute reforms or, in fact, of being in power tomorrow.

It would be a far wiser course to wait until governmental power has been stabilized and we can determine the type of government in office.

"Bailout" operations for political reasons to some countries have a tendency to undermine the determination to make self-help criteria stick in other countries. I make these remarks in a constructive spirit, as one who has long studied Latin American affairs and has a sincere desire to see Alliance for Progress succeed. I cannot and do not criticize other nations for accepting our foreign aid and resisting the institution of social and economic reforms when they see our aid going to other countries without such reforms.

President Kennedy's Alliance for Progress was conceived with splendid foresight. It must be made to work. But it can be made to work only if it is carried out with the same degree of foresight with which it was conceived.

We must renounce the idea that money is the solution to all the ills of Latin America.

Foreign aid funds wrongly placed can do more harm than good. Foreign aid funds loosely granted to "bail out" shaky governments leave them as shaky as before. Often the receipt of foreign aid has enabled nations to avoid the harsh, hard decisions needed to institute social and economic reforms.

But, if the Alliance for Progress is to become a reality and not merely a dream, we should not, we cannot, aid and abet these unstable countries in Latin America in putting off the time for decision and for action. If we do, we do them more harm than good.

As Latin America's great democrat, José Figueres, has said, "It is 1 minute to midnight in Latin America." Time is indeed running out. Let us act before it is too late. Let us stop "Operation Bailout" now.

Mr. President, I ask unanimous consent that an excellent editorial published in today's New York Times, which expresses pretty much the same views I have sought to express, may be printed in the CONGRESSIONAL RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

PERU TURNS THE CLOCK BACK

The seizure of power in Peru by military leaders, the arrest of President Prado, who refused to bow to their demands, and the annulling of an election which the official National Electoral Board pronounced honest after the most careful investigation, are in the worst tradition of Latin America's unstable and violent political history. It had been hoped that Peru had outgrown the garrison revolt.

The State Department could do no less than it did yesterday in suspending diplomatic relations with Lima and in cutting off any further Alliance for Progress aid. Every government in Latin America that respects constitutionality and democracy will surely also make its condemnation clear.

When the Argentine military forces seized control last March, annulled the election of March 18, arrested President Frondizi and confined him on an island, the United States Government went along with it because a fiction of constitutionality was maintained. The Peruvians copied the Argentines to the extent of annulling a fair election, arresting the President and confining him on an island, but they could not cloak their acts in any semblance of constitutionality. The courage and patriotism of President Prado and the civilians of the National Electoral Board prevented this.

If the United States had gone along with this naked seizure of power, even to the extent of keeping quiet, the effects in Latin America would have been grave. At best, the Alliance for Progress has been seriously maimed by the events in Argentina and Peru, and the crisis in Brazil. It can only survive if its basic aims are kept in view and honored. It commits us to support a Latin-American program for social reform and economic development achieved through the institutions of "representative democracy," to which the Latin-American nations are pledged.

The real tragedy of a political crime of this nature is that it solves nothing. The victims are Peru and the Peruvian people, who were faced with the gravest sort of social and political problems and who now have the additional incubus of an old-fashioned, reactionary military junta to get off their backs.

Mr. GRUENING. I yield the floor.

SUCCESSFUL FIRING OF NIKE-ZEUS ANTI-MISSILE-MISSILE

Mr. THURMOND. Mr. President, I wish to announce that the news ticker carries an item which reads in part as follows:

An Army Nike-Zeus anti-missile-missile today for the first time successfully intercepted the nose cone of an Air Force Atlas intercontinental ballistic missile high over the Pacific, the Defense Department announced.

The three-stage, 48-foot Nike-Zeus was fired from Kwajalein Island in the far Pacific after its sensitive tracking equipment told it that the Air Force missile was plunging through space at 16,000 miles an hour at a probable altitude of 600 miles.

In the carefully controlled test, the Atlas missile was launched from Vandenburg Air Force Base, Calif., some 4,500 miles from Kwajalein.

Mr. President, for some years a number of us have been waging a fight to go forward with the development of Nike-Zeus, the missile that can knock down intercontinental ballistic missiles.

Some leaders in our Defense Department have been extremely lukewarm about this matter. I hope that the successful interception reported today will finally open their eyes and will cause them to go forward without further delay. It is highly important that our country proceed as rapidly as possible to develop and to have available the Nike-Zeus, the only anti-missile-missile the free world has. It is the only one being worked on or developed, insofar as I know, by any country of the free world.

The United States must take the lead in this field because this anti-missile-missile can be a terrific deterent to war; and if war should come, the Nike-Zeus can be the means of saving the lives of millions of people in our cities.

So we should spare no funds or time, but should proceed at once to develop the Nike-Zeus to its full potential as rapidly as possible.

FOREIGN ASSISTANCE ACT OF 1962—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Oregon [Mr. MORSE] to postpone further consideration of the conference report until August 1.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on the motion of the Senator from Oregon.

The yeas and nays were ordered.

Mr. LAUSCHE. Mr. President, the conference report places the subject of granting aid to Communist countries in practically the same position that it occupied before the Senate acted upon the foreign assistance bill several weeks ago. When Senators voted at that time, they clearly indicated that it was their judgment that aid ought not to be granted to Communist countries. The Senate later relented from its original position and approved the sending of food under Public Law 480 to such countries, but very firmly redeclared that no other type of aid should be granted to any Communist nation in the world.

A retreat has now been made from that position. I respectfully submit to Senators that, in my opinion, the retreat is unwarranted. Several weeks ago I had printed in the RECORD an article written by Joseph Alsop which discussed the plight of Russia in the 1920's. The issue now is, Did the United States, by the aid that it granted to distressed Communist Russia in the early 1920's, save that nation from a collapse and the overthrow of communism, or did the aid which we granted save the country from collapse and permit the establishment of communism on a firm basis?

The American relief program worked in Russia for 2 years. At present American students of Soviet history credit American relief to the Communists in the early 1920's with the survival of communism.

Between the years 1929 and 1939, 17 million persons were massacred by Stalin in Communist Russia. Millions of non-Communists languished in labor camps. Hungarians, Rumanians, Poles, Slovaks, Czechs, Macedonians, Bulgarians, and others having pride in their native culture and desire for freedom were put to

death by Stalin. The numbers who died between 1929 and 1939 as a result of the tyranny of the Communists is untold. We should look back to our experience of the 1920's. We should try to ascertain whether or not the granting of aid to Red Russia in the 1920's was responsible for the creation of the giant monster now threatening our very life.

I respectfully submit to my colleagues that we now have a parallel. In 1920 and 1922 it was aid to Red Russia. Today it is aid to the Communist Governments of Poland and Yugoslavia, possibly aid to Red China, and, finally, possibly aid to Red Cuba.

About 2 weeks ago Mr. Kennan, our Ambassador to Yugoslavia, appeared on a radio program. He told of his observations as our Ambassador to Red Yugoslavia. He very enthusiastically told about the great love that the Croats, the Serbs, and the Slovenes have for our country. There was no need of his going to Yugoslavia to learn that. All he would have had to do was to mingle with the Slovenes and Croates and Serbs in the United States. He would soon have found out that their devotion to liberty is just as deep as that of the most patriotic American.

However, he confused the true attitude of the people of Yugoslavia with the attitude of the Tito government. The Slovenes and the Croats and the Serbs love us. They love liberty. Tito and his government do not love us. Tito's devotion is to communism. His first loyalty is to Red Russia. He has repeatedly declared that his affiliation with communism has not waned, even though he is taking aid from our country.

Mr. Kennan wrote a book, and in that book he discussed the aid given by our Government to Red Russia in 1920. It is very interesting to observe what Mr. Kennan wrote in that book. I should like to read only a short excerpt of what he had to say in his book. Among other things, he said:

> The problem of getting seed grain in the ground in a famine-stricken country was almost insoluble, and it seems to have been at one point only the relief of the United States in making food available to railway personnel that kept the railroads in operation. The Soviet Government was thus importantly aided not just in its economic undertakings but in its political prestige and capacity for survival.

I wish to repeat the words of Mr. Kennan, the man who made the appeal to the citizens of the United States on a nationwide radio program about 2 weeks ago. In his book he wrote:

> The Soviet Government was thus importantly aided not just in its economic undertakings but in its political prestige and capacity for survival.

He wrote one thing in the book; he said another in his radio program.

I am not contending that my judgment on this subject is absolutely right. I respect the judgment of my colleagues and others who disagree with me. I only hope that the same attitude would be manifested in the highest places of our country in admitting that possibly they are wrong and I am right.

In that regard, there has been placed in the RECORD, by the Senator from Wisconsin [Mr. PROXMIRE] a tabulation of deeds by the Communist governments in the United Nations against our country. In vote after vote in the United Nations, Poland and Yugoslavia have voted against us.

Time and again, after we had given aid to Tito, he announced to the world his fidelity to the cause of communism. At no time has he ever spoken of his faith and belief in our system of government. If there is any Senator who can point to one time when Tito spoke a favorable word for our country and our system of government, I would like to hear those words and to be told where they were spoken.

Gromulko votes against us repeatedly. Yet we say that we will grant aid to those governments.

In spite of what the conference report contains, my position has not changed. My belief is that when we give aid to a Communist nation, we are giving aid to an enemy. My position is that we cannot find conditions which warrant the granting of aid to a Communist country, and construe that aid to be beneficial to the United States. In the conference report a mistake has been made, in my opinion.

I am not convinced that the aid we have furnished Communist governments in the past has advanced the cause of freedom one bit. To the contrary, aid to a Communist regime will serve only the cause of international communism and retard the day when the tyrannized peoples who live under communism will be able to escape the slavish rule.

Some of those who have advocated aid to the Communist nations of Poland and Yugoslavia in the past seem to feel their judgment vindicated by the mere fact that the people under these Governments are not territorially part and parcel of the Communist Soviet Government. That matters very little. Those Governments to which we have granted aid are Communist governments.

To conclude, we must make the decision. If we do not make it now, we will make it at a later date. Can we afford to give aid to Communist governments? I have already stated my belief that we cannot. The experience that we have had with Red Russia and the aid we gave it in the early 1920's, in my judgment, is going to be our experience with the Communist countries that we are going to aid now.

The people of our Nation are carrying a heavy burden in the mutual aid program. They are willing to carry it. We are suffering as a result of it. However, I am of the belief that if we wish to maintain a healthy foreign aid program, we must stop giving aid to Communist countries.

I will not vote for the conference report. I will support the motion of the Senator from Oregon to delay action on the report until August 1. If his motion is not agreed to, I shall move that the report be recommitted to conference with the specific instruction to the Senate conferees that the judgment of the Senate be followed with regard to the banning of aid to Communist countries.

Mr. CARLSON. Mr. President, will the Senator from Ohio yield?

Mr. LAUSCHE. I yield.

Mr. CARLSON. I commend the distinguished Senator from Ohio for reaffirming the position he took several weeks ago in the Senate when he offered an amendment which would have limited aid to both Yugoslavia and Poland because of their past histories with respect to the United States. The Senator from Ohio is in good company. I have received a resolution from an American Legion Post, Patrick Henry Post No. 144 of Wichita, Kans., which commends the distinguished Senator from Ohio for his action in this respect. The Wichita post quotes from the American Legion Convention Resolution of 1961. I think it would be interesting to read:

> Resolution No. 457 states: That we believe our Government has no alternative but to terminate all trade with Communist bloc nations * * *; and That foreign aid whether it be military, monetary, or economic, be limited to those nations who show a willingness to join the United States in combatting communism.

The distinguished Senator from Ohio is in good company in the proposal he made a few weeks ago. I support him. I think it is commendable that he stands in the Senate today, as we consider the conference report, and reaffirms his position. I think our Nation expects us to do that.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the resolution of Patrick Henry Post No. 144, American Legion, Wichita, Kans., which commends the distinguished Senator from Ohio [Mr. LAUSCHE].

There being no objection, the resolution, was ordered to be printed in the RECORD, as follows:

"Whereas approved American Legion 1961 National Convention Resolution No. 457 states: 'That we believe our Government has no alternative but terminate all trade with Communist bloc nations * * *;' and

"Whereas 1961 approved National Resolution No. 459 provided: 'That foreign aid whether it be military, monetary or economic, be limited to those nations who show a willingness to join the United States in combating communism'; and

"Whereas the giving of food or the subsidizing of food shipments to Communist governments has served only to strengthen the position of Communist tyrants over their captive peoples as has been established in the American Legion magazine: Now, therefore, be it

"*Resolved*, That we herewith commend U.S. Senator FRANK J. LAUSCHE, and those valiant Senators who stood with him in the fight to show our love and concern for the victims of atheist Communist governments, by voting to stop U.S. aid, including food items to such government; and we implore the Members of the Congress to terminate all trade and aid to nations which are captive by Communist governments; and further to terminate all tax-supported aid to nations with governments which are either neutralist or pro-Communist; and we further implore the Congress of the United States to use its influence to the end that the easing of tensions via appeasement, and aid to the enemies of God is

stopped, and that this Nation is given an effective win-victory policy."

The foregoing resolution was unanimously adopted at the July 10, 1962, meeting of the Patrick Henry Post No. 144, of the American Legion, Wichita, Kans.

Attest:

C. WINSTON SAGE,
Adjutant.

Mr. KEATING. Mr. President, will the Senator from Ohio yield?

Mr. LAUSCHE. I yield.

Mr. KEATING. All of us recognize the distinguished Senator from Ohio as one of the most vigorous and militant foes of the international Communist movement. He has a distinguished record in that respect.

As the Senator from Ohio knows, I supported his amendment when he offered it. However, I felt that it went a little far, and I believe I parted with the Senator on the vote taken to permit the sending of food under certain circumstances.

I believe I differ with the Senator today on the extent to which he downgrades the action taken in the conference. The conferees virtually accepted the House provision on this subject, except for the exemption of aid to schools or hospitals. I believe that is the only exception.

I definitely believe that the report should contain strong language. I prefer the Senate language to the House language. But I think the House language is quite effective. Before any of the aid can be given, the President must make an affirmative finding and report to the Congress. Paragraph (f) begins:

No assistance shall be furnished under this act, as amended (except sec. 214(b)), to any Communist country.

If that provision is to be waived, the President must make an affirmative finding and report to Congress: First, that such assistance is vital to the security of the United States. Second, that the recipient country is not controlled by the international Communist conspiracy. That might apply to Yugoslavia. And third, that such assistance will further promote the independence of the recipient country from international communism.

Possibly the Senator might feel that the third condition would be fairly easy to fulfill; but what does the Senator say about an affirmative finding by the President that the assistance he desires to render is vital to the security of the United States? It seems to me that if the President makes a finding of that kind, he must have some pretty strong evidence before him to justify such a finding.

Mr. LAUSCHE. The Senator from New York forgets that those conditions are practically the identical ones which were in the old law. A special law applied to Yugoslavia. The general law applied to Poland; and a finding was made that Poland was not dominated by international communism, and that the aid to Poland was essential to the security of the United States.

Mr. KEATING. Does the Senator from Ohio mean that under existing law, before such aid can be given, the President must find that the assistance is vital to the security of the United States?

Mr. LAUSCHE. Substantially the same provisions were in the old law. The Senator from New York probably does not recall that some Senator, when the mutual aid bill was being considered, pressed one of the proponents and asked him, in effect, "Under the bill, would it be possible to say that the Polish Government is not dominated by international communism?" The proponent of the proposal to grant aid refused to answer the question.

This language is very clear. I hope Senators will listen. The law which was in existence before we acted on this question several weeks ago read:

No assistance shall be furnished under this Act to the government of any country unless the President determines that such country is not dominated or controlled by international communism.

In the face of that clear language, in the face of the fact that the Gomulka government is controlled by Red Russia, a finding was made that Poland is not so controlled.

Mr. KEATING. I agree that it is difficult to understand how such a finding could be made. But this proposal goes further than that. It may be that such a provision was in the previous law, but this provision goes much further and provides that President Kennedy must find that assistance to Poland or to Yugoslavia is vital to the security—of whom? of the United States?

Mr. HUMPHREY. Mr. President, will the Senator from Ohio yield?

Mr. LAUSCHE. I yield.

Mr. HUMPHREY. The President must also find two other things, and they are very important.

Mr. KEATING. Yes; but it is the first item to which I refer. I prefer the Senate language. Yet, at the same time, unlike some of my colleagues, I do not regard the conference committee language as a complete capitulation.

Was there any language already in the law similar to the language in the first item of the report, to the effect that the assistance must be vital to the security of the United States?

Mr. HUMPHREY. Only as to Yugoslavia.

Mr. KEATING. But not as to other Communist countries.

Mr. LAUSCHE. If under existing law the finding could be made that the Gomulka government is not dominated by Red Russia—and such a finding was made—would it not be simpler to find that it is in the interest of our national security?

Mr. KEATING. But the language in the report contains the word "vital." The word "vital" is important.

Such assistance is vital to the security of th United States.

It is difficult to see how aid to Poland could be found by the President to be vital to the security of the United States; but I am hesitant to seek to impose my own judgment upon that of the President. Conceivably, there might be a situation in which the President could find that it was vital to our national security to give such aid; and if so, he should be given such authority.

Mr. LAUSCHE. Based upon what the Senator from New York knows about Gomulka and his government, would the Senator from New York hold that that government is not controlled by international communism?

Mr. KEATING. If I were President of the United States, I could not make a finding under the House language that would allow U.S. aid to go to Poland. Under the language of this amendment, I could not find that Poland was not controlled by the Communist conspiracy, and I could not find that it was vital to the security of the United States that such aid be extended. I agree about that; and it is very difficult for me to envision circumstances under which the President would, under this language, make such a finding. I am sure the Senator from Ohio does not need to be told that I respect his views on this matter and how much in sympathy with his attitude I usually find myself, even though, on this occasion, I cannot agree with him.

Mr. SPARKMAN. Mr. President, in connection with this point, will the Senator from Ohio yield to me?

Mr. LAUSCHE. I yield.

Mr. SPARKMAN. We have not been giving aid to Poland while the act referred to has been in existence. We sold Poland $68 million worth of wheat under Public Law 480, and used part of the proceeds to establish a children's hospital. But even that hospital is exempted in the present proposal. That is the extent to which we have given aid to Poland. We have not given Poland economic aid or military aid or any development loan, and none is planned.

Mr. LAUSCHE. But we have sold Poland great quantities of food under Public Law 480.

Mr. SPARKMAN. And under the Senate language that would still be possible. In other words, so far as Poland is concerned, there would be no difference between the present law, the measure as passed by the Senate, and the provision of the conference report. In any case, Poland would stand in exactly the same position in which she has stood.

There might be a change insofar as Yugoslavia and other countries are concerned, but only in this respect—and now I read the language of the Senator's proposal:

No assistance shall be furnished under this act and no commodities may be sold or given under the Agricultural Trade Development and Assistance Act of 1954, as amended, to any country known to be dominated by communism or Marxism.

The point I wish to make is that someone would have to make that determination, and undoubtedly it would be made by the President. I am not sure that it would be any more difficult to make that determination than it would be to make the three determinations called for by the conference report. Under the Senator's language, if the President found the country was not dominated by international communism or Marx-

ism—I think that is the phrase used in his proposal——

Mr. LAUSCHE. That is correct.

Mr. SPARKMAN. In that event the President could authorize the giving of aid. But under the conference report, the President must find that such country is not controlled by the international Communist conspiracy. I do not know that there is any great difference between the two provisions; it seems to me that one would have about the same effect as the other.

I do not know exactly what "dominated" means, when applied to a government. The Kremlin has tried, ever since the end of the war, to collectivize the farms in Poland; but the Kremlin has not been able to collectivize very many of them. In that respect, the Polish Government has remained independent. There may be other cases, although I do not know, for I am not an authority.

But it does not seem to me that there is really a great deal of difference, insofar as such findings are concerned, between the provision of the conference report and the provision of the Lausche amendment.

Mr. HUMPHREY. Mr. President, at this point, will the Senator from Ohio yield?

Mr. LAUSCHE. I yield for a question.

Mr. HUMPHREY. Is it not true that the only theoretical difference is that the amendment adopted by the Senate applied entirely to Public Law 480, whereas this provision would permit the President, if it were vital to the security of the United States, to utilize assistance under the terms of this act? However, I think the findings required by this part of the conference report are much more explicit, and place more responsibility on the President than does the provision of the Senate amendment. As the Senator from New York pointed out, the word "vital" is significant; and that point was argued extensively on both sides in the House of Representatives. Representative WALTER, of Pennsylvania, and Representative JUDD, of Minnesota—one, a Democrat; the other, a Republican—both stressed this point and pointed out the difference between this language and the old law.

Mr. LAUSCHE. I agree that there is a difference between this provision and the one dealing with Public Law 480. But my point is that if under existing law it were declared that the Polish Government is not dominated by Russia, any decision could be made, and the two new conditions could easily be declared to be in existence. I recognize that if these three conditions are observed, they will bring about a change.

But based upon what the Senator from Alabama said a moment ago, when he stated that he doubted that the Polish Government is dominated by Red Russia——

Mr. SPARKMAN. No, Mr. President; I did not say that. I said I did not know just how "domination" would be determined, and I said I could name one respect in which Poland was not dominated. But I do not know the extent to which it would be necessary to go in order to determine "domination."

In my opinion Poland is dominated by Russia.

Mr. LAUSCHE. While we are on this subject, let me say that I believe it significant—and this is generally known—that we are having trouble with our balance of payments, and our gold reserve is now down to a very low level; and all who are in a responsible position in the Government are apprehensive about the amounts we are spending. The severity of the problem is indicated by the fact that recently our Government asked nine nations, I believe, to allow our Government to sell some of the "soft" foreign currency it has for dollars, to American tourists who intend to go to Pakistan, Poland, Yugoslavia, India, and Burma. In other words, our Government said to Yugoslavia and Poland, "We are in trouble. We have got to stop the outflow of our dollars." To Yugoslavia it undoubtedly said, "We have $171 million worth of your dinars. Yet when our tourists go to Yugoslavia they spend American dollars. Let us sell our dinars to American tourists so that our dollars will stay home, and we will spend this surefeit of dinars that we possess."

That same argument was undoubtedly made to Poland. We have only $3,680,000 worth of Polish zlotys, but $171 million worth of Yugoslav dinars.

Yugoslavia, Poland, and other nations rejected our Government's request. They said, "We will not allow you to sell this surefeit of soft currencies to your tourists for dollars. If they come to our country, they will have to spend American dollars, and if we want to, we will turn those dollars back to you and demand payment in gold."

I cannot take that type of conduct toward my Government. I cannot take that type of conduct toward the American people. For 14 years we have been giving aid to Yugoslavia. For probably 5 years we have been giving aid to Poland. We are in distress. All we ask them is to give us relief so our gold will not be running out, and they say "No."

Mr. KEATING. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. KEATING. Does the Senator have at hand the amount of currencies of other countries to whom we are also giving aid who gave the same kind of answer to us? I resent this attitude, as does the Senator.

Mr. LAUSCHE. Yes; there were eight or nine countries. We have $1 billion worth of Indian rupees. India said, "No. We are not concerned with your problem of gold. If your tourists come to India, they will have to spend American dollars. We do not care that you have $1 billion worth of rupees that you cannot do anything with." That is the answer they gave us.

I do not think it is right. I think we are listening to the grooved thinking of members of the State Department. They are in a groove and they cannot get out of it because they have been in that groove so long.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. KEATING. Would the Senator be willing to insert in the RECORD, as a part of the history of the debate, the amount of currencies of other countries that have likewise rejected our request?

Mr. LAUSCHE. Yes. I obtained this information from the New York Times. I shall be glad to insert that information in the RECORD later.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. COTTON. In order to save the time of the Senate and not prolong the debate before we vote on the question of postponement, I do not want to speak at any length. I do want to commend, as I have in the past, the distinguished, able, and courageous Senator from Ohio for his position, and to associate myself with the position he has taken.

I call to the attention of the Senator from Ohio one or two points that I think should be emphasized. It will take only a moment. In the first place, if the motion to postpone does not prevail and later debate takes place, I shall go into this matter in some detail. But it is interesting to note the development of the history of presidential control.

I have the record of the vote away back in 1956, when our very able and distinguished colleague whom we all honor so much, Senator O'Mahoney, had substituted an amendment for the amendment to the foreign aid bill offered by Senator Bridges which would preclude aid to Yugoslavia and to Communist countries. Senator O'Mahoney offered his substitute, which is summarized as follows:

> The changes proposed in the amendment make it the responsibility of the President to report his findings in written words reported to Congress. This will eliminate the unwise practice of granting blank check and power.

The vote on this amendment was 52 to 36 to take the softer language and to insert in the bill language passing the responsibility to the President, but not barring aid.

In 1957 we find again there was a controversy, and this time there was a proposal to bar aid, which was defeated. This time it went a little further. It said:

> Concerning aid to Yugoslavia, the President is required to keep the Senate Foreign Relations and House Foreign Affairs Committees, and the Appropriations Committees of both Houses fully and constantly informed of assistance furnished to Yugoslavia. Further—

All this begins to sound familiar—

> the President is required to continuously assure himself: (1) that Yugoslavia continues to maintain its independence; (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world; and (3) that the furnishing of such assistance is in the interest of the national security of the United States.

I call the Senate's attention to how close these requirements which were proposed in 1957—1, 2, and 3—resemble

what has come back from the conference committee today.

The bill was passed with that assurance by a rollcall of 57 to 25.

Mr. LAUSCHE. Mr. President, may I ask what finally happened to that proposal?

Mr. COTTON. That proposal was adopted and became a part of the Mutual Security Act of 1957.

We find from the debate of last year that the Bridges amendment was defeated by a vote of 54 to 39.

What I want to direct the Senator's attention to is that there has been a constantly rising tide in the Senate, and I believe in the other body, and I believe in the country, to put an end to aid, with the best of motives and the most patriotic motives in the world, which helps directly or indirectly our enemies in this world—the kind of softheaded and softhearted policy that wins us nothing by ridicule, loses us respect abroad and promotes the cause of communism. And so in this body this year, after the able presentation of the distinguished Senator from Ohio, the distinguished Senator from Wisconsin, and other Members of the Senate, the Senate then proceeded, by an overwhelming vote, better than 2 to 1, by a vote of 57 to 24, to adopt it. Every time such language has been written into the law, it has not stopped the practice.

This has been done under President Truman and under President Eisenhower. I will not say it has been done under President Kennedy because, as has been stated, up to the present time it might be said actually aid has not been extended by this administration.

These words and those restrictions have consistently failed. Why? I invite the attention of the Senator from Ohio to the fact that sincerely, and I suppose skillfully, the diplomats in our State Department have constantly pursued the policy that we should furnish aid to some of these countries and some of these governments because, they say, it will wean them away from, and separate them from, the international Communist conspiracy and the Soviet Union, and that by so doing we shall be acting for the good of our country. These diplomats have succeeded in convincing the President every time.

The thing which is interesting is that the amendment in the bill which was passed, offered by the distinguished Senator from Ohio, uses the language, "This restriction may not be waived pursuant to any authority contained in this Act." So for the first time throughout the history of this controversy the Senate of the United States said, "No, we are not going to make it optional even to the President."

It is interesting to note that in the conference report the same beautifully sounding language is used, "This restriction may not be waived pursuant to any authority contained in this Act unless the President finds and promptly reports to Congress that:"—1, 2, and 3, almost in the same words as written in the bill in 1956. In 1956 that language did not amount to anything, because the President very sincerely, following the advice of his diplomatic advisers, decided: First, that Yugoslavia was independent; second, that it was for the good of the United States to keep a division among our enemies; and, third, that it was in the national interest that such should be done.

Mr. President, I say again to the Senator from Ohio, surely if the time should come that we should face a foreign danger and some country should show its independence by open rebellion, the Congress would respond to any suggestion by the Executive to enable him to aid a rebellion against the ruthless forces of tyranny and communism. But that is not the present situation. This is a case of constantly doing this sort of thing, when the governments in the countries we are helping repeatedly meet at conference tables with other Communists and repeatedly declare in unequivocal words to the world that they are with the Communists and against us. Still we keep on giving aid. I regret this deeply. I am bitterly disappointed.

The vote by the Senate was an overwhelming vote. It was a spontaneous vote. It was an outpouring in the Senate of the pent-up emotions of years. It represented the attitude of the Senate and of the country.

Mr. President, I commend the Senator from Ohio. The conference report—and I say this sincerely and without hesitation—is not only a surrender and a betrayal of what the Senate wrote into the bill, but almost a contemptuous, deliberate rejection of the overwhelming will of this body as expressed after long and careful debate.

Mr. YOUNG of Ohio. Mr. President, will the Senator from New Hampshire yield to me briefly?

Mr. COTTON. The senior Senator from Ohio has the floor.

Mr. LAUSCHE. I yield to my colleague.

Mr. YOUNG of Ohio. My query really is directed to the Senator from New Hampshire. I ask either my colleague the senior Senator from Ohio or the senior Senator from New Hampshire if he is familiar with the fact that John Gunther, in his recent great work, "Inside Europe Today"—which does not date back to 1957, but is a recent work—on page 6 of the volume says:

> Yugoslavia is a special case. This country is communistic but it is not within the Soviet bloc. It is not a Soviet satellite. Tito is a national Communist.

I intended to ask the Senator from New Hampshire if he had any comment on that statement. I shall be glad to have a comment by my colleague.

Mr. LAUSCHE. I concur completely with what Mr. Gunther said. Tito has separated himself for the time being from the control of Soviet Russia, but he has repeatedly declared his fidelity to the Marxian theory, and that theory contemplates the destruction of our country.

I think if a search were made, Senators would find Tito has stated and restated that proposition time and time again.

The Senator from New Hampshire speaks of Communist people rising in rebellion and of our country giving them help. Mr. Kennan, when he was on the July 8 program, speaking of Yugoslavia, made this statement:

> And if nothing happens to upset the international applecart, I'm convinced that the Yugoslavs will put forward every effort to retain their national independence which they won at such risk and with such effort—over the years—

What independence for the Yugoslav people? Did the Yugoslav people win independence with the implication that they had to bear the Communist harness? They do not want communism. They would rid themselves of it immediately if given a choice.

I repeat my statement that, in my judgment, if we had not started giving aid to Tito there would have been flare-ups equivalent to those in East Germany in Posnan, in Budapest. They would have arisen in Lublin and Belgrade and other places in Yugoslavia.

The Senator from Alabama has carried this through in his best judgment, I know, and he feels that what has been obtained is adequate. I cannot deviate from my conviction that when we give aid to a Communist country we spare it of the responsibilty of providing for its people the necessaries of life. When we give aid to a Communist country we release its economy so that it can manufacture arms to strengthen itself, those arms to be used against us whenever it so determines.

There was a cartoon published in one of the newspapers a short while ago, showing cornfields of a Communist country. I looked at it and I thought that there I would see the corn in blossom, but instead of corn stalks they were growing guns. We were providing their people with food; the Communist government was investing its money in guns. I will not be a party to such a program. For that reason I shall follow the course which I have described.

SELECT COMMITTEE ON CONSUMERS

Mr. JAVITS. Mr. President, I note that after a year and a half in office the President has finally appointed a Consumers' Advisory Council, somewhat along the lines of a promise he made during the 1960 campaign. The idea of aiding the interest of consumers has been a constant cause of mine ever since I have been in Congress. I did a great deal about it when I was attorney general of New York. In the last session of Congress I introduced Senate Resolution 119, which would create a Select Committee on Consumers in the Senate for this purpose, analogous to the Senate Select Small Business Committee.

I feel that in appointing a Consumers' Advisory Council the President has expressed at least a pro forma interest, but we will not get deeply into cases until we have either legislation or committees in the Senate and in the House such as we have for small business. Since we have a consumer's economy in our country to-

communications from the Department of State on this subject. The last is as inconclusive as the first. The Department has not even redrafted the form letter. Whole paragraphs are identical in each of them.

Mr. President, the perfect opportunity now exists for the United States to exert some leadership on this very serious problem. In a short time, the Senate will be asked to give its advice and consent to the nomination of a new Ambassador to the Soviet Union. And shortly after that, our new envoy, Mr. Foy Kohler, an experienced career diplomat, will present his credentials in Moscow and begin a round of diplomatic consultations.

I therefore urge the administration specifically to instruct the new American Ambassador to the Soviet Union to place high on his agenda of talks with the Russians consideration of the problem which I have been discussing here. I urge our Ambassador be instructed to exert all the influence he has at his command to express the vital concern of the American people in this problem and to exercise all the moral suasion possible to bring about some amelioration of the conditions now existing for the Soviet Jew.

Now is the time to act. The moment is here as evidence of anti-Semitic campaigns mount day by day, and as a new American envoy prepares to assume his duties in the Soviet capital. To act firmly on this problem as exemplified in the Soviet Union would be a powerful precedent, a notice served on the nations of the world which tolerate or tacitly encourage anti-Semitism within their borders, that the United States is concerned, and that the United States is prepared to bring all its energies and influence to bear on the solution of the problem.

Already we have seen enough recent evidence of a revival of anti-Semitism in other parts of the world to suspect that the Russian example or Soviet influence may have had its effects outside the geographic borders of the Communist empire.

In Algeria, for instance, the plight of the Jews—as of all non-Moslems—stands in striking contrast to the worldwide celebration which has been made at the news of the independent Algerian state. It is a shame and a crime that suffering and presecution of a portion of these supposedly "free" people should be allowed to cloud the unanimous joy and relief over the end of the long and bloody war with France.

But cloud it, it does. The new Algerian Government has, in spite of its protestations, begun a campaign of so-called nationalization which will effectively force the Algerian Jewish community either to leave the country or to shut itself off from the world in a gloomy and hopeless ghetto. We are all familiar with the themes of nationalism—a return to national customs and language, the growth of a national middle class, association with other newly independent states, and so forth. In Algeria, where the Jewish population is sizable and long established, every one of these tendencies has led to anti-Semitic persecution.

Particularly cruel in Algeria—with about 135,000 Jews—is the fact that a government which should be representing all of its people may be joined with the Pan-Arab movement in a campaign against the State of Israel and its so-called Zionist intrigues. What appears to be happening in Algeria, Mr. President, is a sinister distortion of that high-sounding slogan for national independence—instead of "Algeria for the Algerians," we have "Algeria for the Moslems."

The result is racial discrimination and persecution of serious proportions. Thousands of Jews are fleeing the country every day; Jewish communal life in Algiers has practically disappeared, and there are many instances recorded of street battles between the FLN and Jewish citizens, many instances of suffering and death.

I might point out, Mr. President, that the situation in Algeria, bad as it is, compares favorably with the situation in other parts of North Africa where Jews have been consigned to restricted ghettos, and considered far inferior even to the lowest of Moslems. Many of these Jews are effectively shut off from the rest of the world, dependent upon the United Jewish Appeal movement for even some minimum amount of food, clothing, and education.

The acrimony and persecution in North Africa continues, Mr. President. To some extent, we have come to expect the birth pangs of a new nation to be accompanied by trouble and hardship. But in Algeria, Tunisia and Morocco, the Jews have had to bear a disproportionate share of the hardship. Latent anti-Semitism has flared and, as in the past, the Jews have become the scapegoats for impatient nationalists.

With these recent outrages in mind, Mr. President, I think it would help, not harm, the situation for our new Ambassador in the Soviet Union to make strong representations on this issue early in his mission. To do this is in accordance with American principles. It is an act of very real concern and importance not only to the millions of American Jews who are deeply troubled by the fate of their religious brethren in Russia and elsewhere, but also to the 180 million Americans of all races and religions who believe in the world of brotherhood, the dignity of man, and the liberties which have given our Nation its enduring strength. It is a moral obligation which I sincerely trust our Government will not ignore.

THE CORRECTION OF EXPENSE ACCOUNT ABUSES

Mr. GORE. Mr. President, in a message to Congress on April 20, 1961, President Kennedy stated that "widespread abuses have developed through the use of the expense account. Indeed, expense account living has become a byword in the American scene."

The Secretary of the Treasury, in making specific recommendations to the Ways and Means Committee, on May 8, 1961, for corrective legislation in the expense account area, stated that an audit had recently been made by the Internal Revenue Service, and "although this audit covered only 38,000 returns, it shows that these returns claimed deductions totaling $5.7 million for club dues, $2 million for theater tickets and similar amusements, over $1 million for hunting lodges and fishing camps, $2.6 million for yachts, and $11.5 million for business gifts. Most significantly, the audit shows that only a small portion of these expenses can be disallowed under existing law."

In view of the obvious abuses and the Secretary's statement that existing law does not deal adequately with the problem, it would seem only reasonable to suppose that the Congress would move decisively and promptly to give the Internal Revenue Service the tools it needs to protect the public interest against these widespread abuses.

H.R. 10650, the tax bill, as passed by the House, dealt with the expense account problem, but somewhat tenderly. I was disappointed that the provision was not a stronger one.

But my disappointment has been doubled by the action of the Finance Committee of the Senate on this same subject. Not only has the Finance Committee failed to follow the recommendation of the President and the Secretary of the Treasury to amend the law to treat effectively with this tax abuse, but, even worse, the committee adopted an expense account amendment which is far worse than the inadequate provision of the House-passed bill. Indeed, it may be worse than the existing law under which the widespread abuses occur.

This amendment was described in the committee by its author as "the prudent man" amendment. In argument against it I asked for the dictionary and read to the committee the following and, I think, appropriate definition of the word "prudent":

> Habitually careful to avoid practical errors and to follow the most profitable and politic course; especially attentive to one's own interest; worldly wise.—as "A prudent man foreseeth the evil and hideth himself."

I have personal affection for each member of the Senate Finance Committee, but much to my regret my conception of the public interest is frequently at sharp variance with the action of the majority of the committee; that is surely true in this instance as well as in many others.

It will be my purpose, therefore, to join with other of my colleagues who are interested in correcting some of the more obvious and wholly unjustified abuses which now exist in our Internal Revenue Code in an earnest endeavor to rewrite the tax reform bill on the floor of the Senate at such time as it may be called up by the leadership for action.

It is not easy, I realize, to write tax legislation on the Senate floor, but in my view in this instance it cannot be avoided. The effort must be made, and I trust it will be successful.

FOREIGN ASSISTANCE ACT OF 1962—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mrs. SMITH of Maine. Mr. President, recently the Senate marched strongly up the hill to express its opposition to aid to Communist countries and adopted an amendment by the Senior Senator from Ohio to bar such aid to Communist countries. But the next day the Senate rather timidly marched back down the hill and greatly diluted that action with a nullifying amendment.

Whether one is for aid to Communist Yugoslavia and Communist Poland—and neutralist India—or not, I think most everyone would acknowledge the extremely good sense expressed in an editorial in the July 13, 1962, issue of the Wall Street Journal entitled "A Weak Political Tool" and I ask unanimous consent that it be placed in the RECORD for everyone to read—not only to read but to study.

I think it puts the finger on one of the greatest weaknesses in the policies and administration of our foreign aid program.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A WEAK POLITICAL TOOL

The congressional criticism of foreign aid this year centers on three countries: Poland, Yugoslavia, and India. Each case tells a good deal, we think, about what is wrong with the aid program as a whole.

Poland and Yugoslavia, of course, are Communist countries, the one a Soviet satellite, the other not. Whether they get any more aid, and if so how much, is now up to a House conference committee.

To some critics the fact that they are Communist should automatically bar them from aid consideration. But that is not the central question; it is, or should be, whether any significant U.S. interest is served by the aid.

In the beginning the answer may well have been affirmative. After Tito of Yugoslavia broke with Stalin in 1948, it was in the American interest to have him remain independent, and American aid helped serve that purpose. Somewhat similarly, after Poland's Gomulka wrested some internal autonomy from Khrushchev in the wake of a near-revolt in 1956, it seemed sensible to try to help him keep it. Divisions and turmoil in the Communist camp are almost by definition gains for us.

But because something may have been useful at one time is no excuse for doing it forever. Any semi-independence Poland enjoys today isn't benefiting the United States and probably has nothing to do with whether U.S. aid is granted or not. In the cold war arena, Yugoslavia has become practically indistinguishable from the Soviet Union. In each case any new aid would simply be a handout, with no clear function from the viewpoint of American interest.

And this trap is what the United States has fallen into all over. By letting people get the impression that the aid is to be a permanent subsidy, we rob it of flexibility and effectiveness as a political tool.

Certainly that is the sorry circumstance in India. The aid, in our opinion, should not be terminated merely because anyone gets mad at Nehru for his constant carping at this country, his "neutralism" or even his buying of Soviet Migs if he decides to do that. As everywhere else, the criterion should be what U.S. interest the aid is aiding.

On that basis, it would be hard indeed to justify the very considerable amount of aid the United States is giving India. Certainly it cannot be argued that the help has kept India from going Communist. India has not gone Communist because enough Indians oppose it despite Nehru's philosophical affection for the ideology, because the Communist Party in India is not strong enough, and because neither the Soviet Union nor Red China has yet tried to take the whole nation by force. The Chinese border incursions have done more than United States aid to make Indians anti-Communist.

We are aware that the further argument is that India must be aided so as to strengthen its economy and hence its democratic political institutions. Unfortunately, the aid may have done more harm than good. Today India is in deplorable economic and financial shape, not least because it is trying to run a socialist economy which the U.S. aid has inevitably helped to entrench.

This kind of thing is also being duplicated around the world. The truth is that we are trying to do too much and too often we are doing the wrong things.

A real reform of foreign aid would have to cover a great deal. But surely its beginning should be a case-by-case analysis of aid as it affects the American interest. And just as surely the beginning of aid wisdom must be to make it perfectly clear that the help is limited not only in scope but duration.

The U.S. Government has already waited far too long to make that beginning.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Oregon [Mr. MORSE] to postpone the further consideration of the conference report until August 1. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Virginia [Mr. BYRD], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Louisiana [Mr. LONG], the Senator from Oklahoma [Mr. MONRONEY], and the Senator from Utah [Mr. MOSS] are absent on official business.

I further announce that the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Arkansas [Mr. FULBRIGHT] are necessarily absent.

I further announce that, if present and voting, the Senator from Oklahoma [Mr. MONRONEY] would vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT] is absent on official business.

The Senator from Utah [Mr. BENNETT], the Senator from Arizona [Mr. GOLDWATER], and the Senator from Iowa [Mr. HICKENLOOPER] are necessarily absent.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senator from Utah [Mr. BENNETT], and the Senator from Arizona [Mr. GOLDWATER] would each vote "yea."

The result was announced—yeas 41, nays 48, as follows:

[No. 122 Leg.]

YEAS—41

Anderson	Dworshak	Murphy
Bartlett	Eastland	Neuberger
Beall	Ellender	Pearson
Bible	Ervin	Proxmire
Boggs	Fong	Robertson
Bottum	Gruening	Russell
Bush	Hruska	Scott
Butler	Jordan	Talmadge
Capehart	Kuchel	Thurmond
Carlson	Lausche	Tower
Cotton	McClellan	Wiley
Curtis	Miller	Williams, Del.
Dirksen	Morse	Young, Ohio
Dodd	Mundt	

NAYS—48

Aiken	Hill	Morton
Burdick	Holland	Muskie
Byrd, W. Va.	Humphrey	Pastore
Cannon	Jackson	Pell
Carroll	Javits	Prouty
Case	Keating	Randolph
Church	Kefauver	Saltonstall
Clark	Kerr	Smathers
Cooper	Long, Mo.	Smith, Mass.
Douglas	Long, Hawaii	Smith, Maine
Engle	Magnuson	Sparkman
Gore	Mansfield	Stennis
Hart	McCarthy	Symington
Hartke	McGee	Williams, N.J.
Hayden	McNamara	Yarborough
Hickey	Metcalf	Young, N. Dak.

NOT VOTING—11

Allott	Fulbright	Long, La.
Bennett	Goldwater	Monroney
Byrd, Va.	Hickenlooper	Moss
Chavez	Johnston	

So Mr. MORSE's motion was rejected.

Mr. SPARKMAN. Mr. President, I move that the vote by which the motion was rejected be reconsidered.

Mr. HUMPHREY. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. STENNIS obtained the floor.

Mr. DIRKSEN. Mr. President, will the Senator from Mississippi yield, in order that I may propound an inquiry?

Mr. STENNIS. I yield for that purpose.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I should like to ask the majority leader about the program for the remainder of today. I understood that the conference report on the welfare bill was to be taken up next. Is that correct?

Mr. MANSFIELD. That is correct. I do not know how much longer the Senate will proceed on the conference report on the foreign-aid bill; but it is anticipated that following the completion of action on that conference report, the Senate will then take up the conference report on the welfare bill. I do not know how long the consideration of that report will take.

Mr. DIRKSEN. Very well. I should like to ask the distinguished Senator from Oklahoma [Mr. KERR]—assuming that he will submit the conference report on the welfare bill—whether he anticipates that its consideration will take very long.

Mr. KERR. I hope not. Of course, I cannot presume to have knowledge of what other Senators may do; but I hope

I became convinced that one of the greatest threats to this country that existed was strikes on construction projects at defense installations, especially at missile bases. I am convinced now that Congress ought to take action to prevent such strikes. The very survival of the Nation and of the people depends upon providing weapons to meet, and counteract, the threats of communism, the goal of which is to enslave and dominate the world. We need the weapons not only as the deterrent which they will be; we need them also in the event an emergency should arise.

I am heartily in favor of the passage of the legislation which has been proposed to prevent such strikes. I believe I have already requested permission of the Senator from Arkansas to have my name placed on the bill as a cosponsor. If that has not been done, I should like to have it done now.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Again, I commend the distinguished Senator from Arkansas for his excellent statement.

Mr. McCLELLAN. I thank the Senator from South Carolina.

FOREIGN ASSISTANCE ACT OF 1962—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. SPARKMAN. Mr. President, I ask unanimous consent to have printed at this point in the RECORD the statement made by Representative FRANCIS E. WALTER, chairman of the Committee on Un-American Activities, in the House of Representatives on July 12, 1962, in support of the amendment which has been the subject of so much discussion in the Senate today.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Mr. WALTER. Mr. Chairman, I am convinced that if we ban all assistance, including even food, to Yugoslavia and Poland, under any condition, we will be handing the Soviet Union a tremendous propaganda weapon to use very effectively against us everywhere. It will cite our action as proof that the United States is not really interested in humanity.

I also am convinced that if we take this step we will be depriving our friends behind the Iron Curtain—and they number in the millions—of one of their most effective anti-Communist and pro-American arguments. We will be depriving them of concrete proof of the friendship of the American people for the hungry, underprivileged, and freedom-loving people throughout the world, no matter who they are and whether or not they are the victims of totalitarian oppressors.

We are not dealing here with the weapons of war. We are talking about assistance and people who need it. We are not talking about help to Tito and Gomulka who, like all rulers, cannot last forever—and I do not require any proof that either of these people are Communists—we are talking about continuing the Kennedy and Eisenhower policies of seeking and helping friends and allies among people rather than among rulers.

Whether or not we are succeeding, I think is answered very well by a pamphlet that came to me a moment ago. I obtained it from the committee. It is entitled "Results of the U.S. Assistance to Poland and Yugoslavia." I recommend it to all of you.

We all know Moscow wants the enslaved peoples to feel that they have been abandoned by the free world. If we cut off the possibility of sending them even food, they will feel abandoned indeed.

What will the result of this be?

Their resistance to the Communist oppression will be undercut, and this means that our own security will be weakened. Many authorities are firmly convinced that for years one of the major deterrents to world war III has been the resistance of enslaved people to their Communist masters. Help Moscow break that resistance and you increase the potentialities of Communist aggression.

Mr. Chairman, erosion of the Communist empire has begun even though that empire is still making gains outside its borders. More and more, the people behind the Iron and Bamboo Curtains are speaking up. There is no doubt that the Communist rulers hear their voices.

Shall we now reverse ourselves, shackle the President, and abandon the gains that have been made through our contacts with and help to the people of Yugoslavia and Poland?

Mr. FEIGHAN. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Ohio.

Mr. FEIGHAN. Is it not true that food is a weapon of war? And that when we are supplying food to Communist regimes, which incidentally, at the same time are exporting food, that the food that we give primarily goes to the Communist elite?

Mr. WALTER. No; I will answer the gentleman. The food does not go to the Communist elite. I saw how food was being distributed in Yugoslavia. I know that the people all over that country know where that food came from. They told me so. They knew very well that they got this assistance from the United States.

By supporting the amendment of the distinguished gentleman from New Jersey [Mr. FRELINGHUYSEN] and the gentleman from Pennsylvania [Mr. MORGAN], we can indicate our strong opposition to the regime in Poland and in Yugoslavia and at the same time not interfere with the President in carrying out his responsibilities imposed on him by the Constitution of the United States.

Mr. CURTIS. Mr. President, what is the pending business?

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. CURTIS. It is my expectation to ask for a yea-and-nay vote on the approval of the conference report, and prior to that to suggest the absence of a quorum.

Mr. LAUSCHE. Mr. President, I move that the Senate disagree to the conference report and that it be recommitted with instructions that the Senate's position on the banning of aid to Communist countries be a mandatory requirement in the report. I shall not argue my motion. I am prepared to submit it for approval or disapproval.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Ohio to recommit the conference report with instructions. [Putting the question.]

Mr. CURTIS. Mr. President, on this question, I ask for a division.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

Mr. DIRKSEN. Mr. President, will the distinguished majority whip withhold his suggestion of the absence of a quorum?

Mr. HUMPHREY. I withhold my suggestion of the absence of a quorum.

Mr. DIRKSEN. Mr. President, it has been indicated to me that a number of Senators, who will be in the Chamber directly, would come to the Chamber for a show of hands for a yea-and-nay vote on the approval of the conference report.

It is now growing late. I am afraid I have unwittingly been the victim of what I thought was an assurance that there would be no further record votes tonight. I understood from the distinguished Senator from Ohio that he would make his motion to recommit, and would let it be decided on a voice vote.

Mr. LAUSCHE. And I have done so.

Mr. DIRKSEN. Some Senators will be absent for the remainder of the session today, as a result of the assurance I thought I had; and at that time I was not advised that from our side there would come a request for a yea-and-nay vote on the question of agreeing to the conference report.

Therefore, under the circumstances, if there is to be a record vote either on the motion to recommit or on the question of agreeing to the conference report, I hope that can be put over until tomorrow, and that, if necessary, the order to adjourn until 11 a.m. tomorrow can be vacated, and the Senate will arrange to convene half an hour earlier, if that is necessary. I feel in duty bound to make that request under the circumstances, for at this time I am not able to state just how many Senators would be absent if a record vote were to be taken this evening.

Mr. KERR. Mr. President, I rise to a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oklahoma will state it.

Mr. KERR. Do I correctly understand that after the question was put, the Chair ruled that the "noes" have it?

The PRESIDING OFFICER. No, the Chair did not rule. The Chair began to state that in the opinion of the Chair that would be the case; but a division was then requested.

Mr. HUMPHREY. Mr. President, I withdraw my suggestion of the absence of a quorum; and a division is called for.

Mr. THURMOND. Mr. President, I desire to speak on this subject.

Mr. HUMPHREY. But the question now is on agreeing to the motion to recommit; and a division has been called for.

Mr. THURMOND. I understand; but I have some remarks to make on this subject.

Mr. CURTIS. Mr. President, I withdraw my request for a division in connection with the vote on the motion to recommit; and I shall request a division

on the question of agreeing to the conference report.

Mr. DIRKSEN. Mr. President, what is the pending question?

The PRESIDING OFFICER. The pending question is on agreeing to the motion of the Senator from Ohio that the conference report be recommitted, with instructions. The Chair had previously put the question, and was about to rule on the result. But then a division was requested.

However, the request for a division has now been withdrawn; and the Chair is ready to rule.

Mr. THURMOND. Mr. President, I seek recognition before the Chair rules. I wish to make a speech on this subject.

The PRESIDING OFFICER. The Senator from South Carolina had addressed the Chair. The Chair thought the Senator from South Carolina wished to speak on the conference report.

Mr. THURMOND. Mr. President, I wish to speak on the motion to recommit.

What is the status in connection with the motion to recommit, Mr. President; and who has the floor?

The PRESIDING OFFICER. The Senator from South Carolina is recognized. The Chair was in error; and the Senator from South Carolina is recognized to speak on the motion of the Senator from Ohio.

Mr. HUMPHREY. Mr. President, I wish to notify the Senate that the session will continue tonight; the Senate will stay in business.

The PRESIDING OFFICER. The Chair has recognized the Senator from South Carolina [Mr. THURMOND]; and he has the floor.

Mr. HUMPHREY. Mr. President, will the Senator from South Carolina yield?

Mr. THURMOND. I am pleased to yield for a question.

Mr. HUMPHREY. I should like to ask the Senator from South Carolina if he will yield in order that I may clarify the situation as regards the inquiry made by the minority leader, the distinguished Senator from Illinois [Mr. DIRKSEN].

Mr. THURMOND. Mr. President, I am pleased to yield for that purpose, provided it is understood that in doing so, I shall not lose the floor.

Mr. HUMPHREY. Yes; let it be so understood.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, I think it should be clear that the Senate will remain in session tonight at least until action on the motion to recommit the report has been completed; and I shall discuss with the majority leader the question raised by the minority leader in regard to the time for the vote on the question of agreeing to the report.

Mr. KERR. Mr. President, will the Senator from South Carolina yield?

Mr. THURMOND. Mr. President, I am pleased to yield to the Senator from Oklahoma, provided it is understood that in doing so, I shall not lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERR. Mr. President, let me state that it is my intention to call up the conference report on the welfare bill as soon as the conference report on the mutual security bill is disposed of; or if the leadership agrees to postpone the vote on the conference report on the mutual security bill, it will be my purpose to call up tomorrow the conference report on the welfare bill.

PRIVILEGE OF THE FLOOR

Mr. KERR. Mr. President, at this time I ask unanimous consent that during the consideration of the conference report on the welfare bill, the privilege of the floor be extended to Helen Livingston and Fred Arner, of the Legislative Reference Service, Library of Congress.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, will the Senator from South Carolina yield?

Mr. THURMOND. I yield, provided that in doing so, I shall not lose the floor.

Mr. DIRKSEN. Mr. President, I request that understanding.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DIRKSEN. Mr. President, let me ask whether it is the intention of the Senator from South Carolina to speak at length on the pending question.

Mr. THURMOND. I intend to speak on it. I have not said how long I intend to speak, but I do intend to speak on it.

Mr. DIRKSEN. I assure the Senator that I am not attempting to engage in a fishing expedition; but I have received inquiries from other Senators.

Mr. THURMOND. I do not intend to speak very long—perhaps 15 or 20 minutes.

Mr. DIRKSEN. Mr. President, if the Senator from South Carolina will yield further, inasmuch as the majority leader is now in the Chamber, I should like to pursue my request. I ask that it be agreed that in yielding for this purpose, the Senator from South Carolina will not lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. I yield.

Mr. DIRKSEN. Mr. President, a moment ago I observed that some Senators have returned to their homes on the basis of my assurance that I had understood from the Senator from Ohio that he would make his motion to recommit and would be satisfied with a voice vote on that motion. But in view of the fact that since then there has been a request for a record vote on the question of agreeing to the conference report, and inasmuch as some Senators will not be present later this evening, under the circumstances I thought an arrangement could be made to meet tomorrow half an hour earlier than the hour agreed to earlier today—in other words, at 10:30 a.m.—and to postpone until tomorrow the vote on the question of agreeing to the conference report.

Mr. MANSFIELD. Mr. President, if both the Senator from South Carolina and the Senator from Illinois will permit me to reply——

Mr. THURMOND. I yield, under the same circumstances.

Mr. DIRKSEN. I am glad to yield, likewise.

Mr. MANSFIELD. Let me state that some important meetings have been arranged for around the hour of 11 a.m., tomorrow. So if it is possible to obtain agreement that the final vote on the question of agreeing to the conference report will be taken at 11:30 a.m., tomorrow, I hope that will be arranged. Then, tonight, when action is completed on the motion to recommit, if the new agreement I have suggested is entered, the Senate could take up the conference report on the welfare bill, and perhaps dispose of it, and then adjourn until tomorrow, and proceed at 11:30 a.m., tomorrow with the vote on the question of agreeing to the conference report on the foreign-aid bill.

Mr. CURTIS. Mr. President, will the Senator from South Carolina yield, so that I may ask a question?

Mr. THURMOND. I yield.

Mr. CURTIS. When the Senator from Montana refers to taking the vote at 11:30 a.m. tomorrow, does he mean a yea-and-nay vote?

Mr. MANSFIELD. Yes.

Mr. HUMPHREY. However, that has not yet been ordered.

Mr. DWORSHAK. Mr. President, will the Senator from South Carolina yield?

Mr. THURMOND. I yield.

Mr. DWORSHAK. Mr. President, I realize that it is futile to make any comments at this time; but I very definitely object to a procedure which is followed in order to protect Senators who leave the Chamber. I had an important engagement, but I canceled it because I anticipated that there might be a record vote. How long are Senators who leave to be protected, while those of us who recognize our responsibility to remain in the Chamber and discharge our duties are ignored? I very definitely deplore this procedure.

Mr. DIRKSEN. Mr. President, let me say to the distinguished Senator from Idaho that that is not quite the case. In good faith a number of Members asked me about the program for the remainder of today; and I went to the Senator from Ohio and to the Senator from New Mexico and inquired as diligently as I knew how whether there was any likelihood that a record vote would be taken during the remainder of the session today.

In the best of good faith, I told them I did not think so. It is not their fault. They have engagements. They inquired of me whether or not there would be a yea-and-nay vote.

Mr. DWORSHAK. Mr. President, who has the floor?

Mr. THURMOND. I yield to the Senator from Idaho.

Mr. DWORSHAK. I recognize that the minority leader is very influential,

and I respect him greatly, but, at the same time, I do not think we can make our plans entirely on the basis of what 2 Senators out of 100 plan to do about asking for a rollcall. It has been known for 30 minutes that the Senator from Nebraska [Mr. CURTIS] intended to ask for a rollcall. I ask him if that is not so.

Mr. CURTIS. The reason I did not ask before is that Billie Sol Estes has taken my afternoon.

Mr. MANSFIELD. Mr. President, will the Senator yield briefly?

Mr. THURMOND. I yield to the distinguished Senator from Montana.

Mr. MANSFIELD. Mr. President, I think the Senator from Idaho has a point. He has been a most patient man, and he has remained in attendance practically to the end of the session every night. But I hope, in view of the circumstances, without prior knowledge on the part of the minority leader and the majority leader, the Senator from Idaho, with his usual fairness, will allow us to present a request.

Mr. DWORSHAK. I have no intention of making an objection, because it would be futile.

Mr. MANSFIELD. No. The Senator can stop it with his objection.

Mr. DWORSHAK. There has been no unanimous-consent request; has there?

Mr. MANSFIELD. Not yet.

Mr. HOLLAND and Mr. COTTON addressed the Chair.

Mr. THURMOND. The Senator from Florida has been trying to get me to yield to him. I yield to the distinguished Senator from Florida. Then I will yield to the distinguished Senator from New Hampshire.

Mr. HOLLAND. Mr. President, if I may inject a lighter note, urgent emergency matters voted in the Senate in April last have finally been set for a supplemental meeting between the two Houses for conference in the morning at 11:30. I hope nothing will happen to avert the actual realization of that long-anticipated meeting. An arrangement has been made between the chairmen of the conferees of the two Houses to flip a coin in the morning at a certain hour to see who is to preside over that meeting. I hope nothing will interfere with the meeting at 11:30, of which I advised the distinguished leader earlier in the day. I hope any request for a vote will be postponed at least for an hour after that time, because I think it is highly critical that this long-arranged, and now amicably arranged, meeting be held on the urgent matters which arose in April, so they can be decided on July 20.

I hope we can arrange for holding such a meeting. I make that sincere request of the two leaders.

Mr. THURMOND. I yield now to the distinguished Senator from New Hampshire.

Mr. COTTON. Mr. President, there has been a very marked tendency on the part of the leadership to underestimate the conviction and the fervor which some of us feel about the matter which is before the Senate. It is not trivial. It is of far-reaching importance.

I am one Senator who has tried to be considerate of the majority and the minority leadership, but I want to say frankly that if they seek a unanimous-consent agreement to vote on this question tonight or at 11:30 tomorrow morning, I will object. This is a question on which some of us are not going to yield merely because some Senator has committed himself to some agreement. This is a matter about which we have deep convictions.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. THURMOND. I yield to the distinguished minority leader.

Mr. DIRKSEN. Let me say to the distinguished Senator from New Hampshire that there were two or three Senators in the Chamber earlier today. I had to shop around extensively to get even the conferees who signed the conference report to come to the floor. One said he was not interested; even though he signed it, so he would not be here. One was out of the city. One finally came. If Senators who signed the conference report are not present, the Senator cannot expect the minority leader to be kicked around.

This question has been argued. I voted with the distinguished Senator from Oregon to postpone the decision. On that motion we were defeated. I would have voted, on a voice vote, to recommit if that had been desired. Now we are confronted with a final vote. I am in the awkward position of having permitted some of our Members to go, in the utmost good faith, on the basis of statements made. At 5 minutes of 6, 20 minutes ago, I learned by telephone that there was to be a request for the yeas and nays on the conference report. I had not heard it all afternoon. I heard it by telephone. The leadership is not going to take this lying down—at least, I am not—and there is no bile about me.

Mr. COTTON. Mr. President, will the Senator from South Carolina yield further?

Mr. THURMOND. Mr. President, I feel the Senator is entitled to answer. May I yield to the Senator from New Hampshire on the condition that I do not lose the floor?

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COTTON. Mr. President, I assure the distinguished minority leader, if he needs that assurance, that no Senator would go further to accommodate him, or be more eager to refrain from embarrassing him, than the Senator from New Hampshire. So far as concerns the Republican members of the Foreign Relations Committee who signed the report, I am not surprised that they do not want to show their faces in the Senate tonight.

Mr. DIRKSEN. I have no control over that.

Mr. COTTON. But I do not want to embarrass the distinguished minority leader. I am not attempting to force a rollcall when members of the minority have absented themselves on the assurance of the minority leader. I would not do that to him. I know he realizes it. But this is something more than a matter of courtesy. This is something more than a matter of discipline and following the leadership. This is a matter that to some of us represents a very deep conviction.

For years in this body I was associated with my late colleague, Styles Bridges, in fighting this battle. I am fighting it tonight. I do not want to force a rollcall when certain Senators are absent. I do not want to embarrass my leader. But I do not want to agree to capitulate, retreat, and allow the conference report to be adopted without, somewhere along the line, the opportunity to separate the men from the boys and to stand up and vote. Surely my friend understands that.

Mr. DIRKSEN. I understand it perfectly. I do not ask the Senator to do otherwise. I do not challenge his conviction. I say only that the Senator let me send them home in the utmost of good faith, and it is not fair to our colleagues who could not get back to vote. The Senator may call it courtesy. There is not a Member of the Senate who has not asked for that courtesy at some time or other. I, myself, have asked for it. I believe, in all good faith, that Senators are entitled to have their votes recorded on the bill, and I do not know where to reach them tonight.

Mr. COTTON. Mr. President, will the Senator from South Carolina yield further?

Mr. THURMOND. I am glad to yield.

Mr. COTTON. My beloved leader is certainly according me more importance than I deserve when he says I let Senators go home. I am not asking for a vote tonight. I am asking for a rollcall sometime.

Mr. DIRKSEN. That is precisely what we are trying to arrange.

Mr. COTTON. If the Senator contrives a rollcall, that is all I ask.

Mr. DIRKSEN. Mr. President, I am content to come in at 9 o'clock tomorrow morning, or at 8 o'clock. There can be a vote whenever the Senate is so disposed. I insist that we be fair to those to whom courtesy was extended and who in good faith have gone home.

That is not an unusual proceeding for the Senate. That happens every day. I trust it may always continue that way. Life is not static. Different circumstances arise from day to day. We must act like gentleman and ladies toward one another.

Mr. MANSFIELD. Mr. President, will the Senator yield to me with the understanding that he will not lose his right to the floor?

Mr. THURMOND. Mr. President, this colloquy between the two able and distinguished Republican Senators reminds me very much of the story of a man once known for talking to himself. Someone asked him, "Why do you talk to yourself?" He said, "Well, I talk to myself for two reasons. The first is that I like to talk to a sensible fellow; and the second is that I like to hear a sensible fellow talk."

Mr. MANSFIELD. Mr. President, will the Senator yield to me with the under-

standing that he will not lose his right to the floor?

Mr. THURMOND. I am pleased to yield to the distinguished majority leader with that understanding.

Br. MANSFIELD. I fear that this may be a case of a man talking to himself, but at least it is worth the effort.

First, I wish to say that it has always been a distinct pleasure to work with the distinguished minority leader. We have tried to operate on an honorable basis. He, on his side, has tried to protect his Members. We, on this side, have tried to protect ourselves at all times. We have made errors of judgment. Fortunately, they have been forgiven. We have tried to do our best to work constructively for the benefit of the entire Senate.

I should like to make a unanimous-consent request, if I may.

Mr. President, I ask unanimous consent that when the Senate concludes its deliberations tonight it adjourn to meet at 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. And I ask unanimous consent that at 10:30 o'clock tomorrow morning the yeas and nays be had on the question of agreeing to the conference report.

Mr. HRUSKA. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. HRUSKA. I am constrained to object to that request, because I have a commitment. Other Senators may have, also, but I have a commitment downtown. I shall be unable to be present at that time.

Mr. MANSFIELD. What time would the Senator suggest?

Mr. HRUSKA. My commitment is from 10 o'clock to 11 o'clock in the morning. I would suggest the hour of 1 o'clock in the afternoon.

ORDER FOR ADJOURNMENT AND UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, I withdraw my previous unanimous-consent request, and I now ask unanimous consent that when the Senate concludes its deliberations tonight it adjourn to meet at 12 o'clock noon tomorrow, and that at 1 o'clock tomorrow afternoon the yeas and nays be had on the question of agreeing to the conference report on the foreign aid bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. DIRKSEN. Mr. President, we have seen a great example of courtesy and magnanimity.

FOREIGN ASSISTANCE ACT OF 1962—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The PRESIDING OFFICER. The Senator from South Carolina [Mr. THURMOND] has the floor.

Mr. THURMOND. Mr. President, first I wish to inquire as to the status of the conference report. Is there a motion before the Senate to recommit the conference report?

The PRESIDING OFFICER. The Senator is correct. A motion has been made by the Senator from Ohio [Mr. LAUSCHE] to recommit, with instructions.

Mr. THURMOND. Mr. President, I rise in support of the motion to recommit. I have a few remarks to make on the subject.

Every provision in the bill which was capable of thwarting the Communists has been removed. I do not believe that this conference action will meet with the approval of the American people. It certainly does not meet with my approval.

The Senate receded from its provision to prohibit aid, except under Public Law 480, to any Communist- or Marxist-dominated country. This provision in the bill was offered as an amendment by the distinguished Senator from Ohio, and was adopted by a large vote. The conference committee has receded completely on that amendment.

Second, the Senate provision to limit aid to India has also been deleted by the conferees.

Third, the conferees have dropped the House provision prohibiting the United States from purchasing United Nations bonds until all member nations have paid their delinquent dues. This was a very wholesome and needed amendment and should not have been removed.

Fourth, the conferees have softened the language of the bill relating to the expropriation of property owned by citizens or companies of the United States.

The conferees of neither House stood up for what had been adopted by their respective bodies. In other words, Mr. President, the House conferees receded on every provision in the bill which showed realism and resistance toward communism, put in by the House. The Senate conferees receded on all the provisions which showed realism and resistance toward communism put in the bill by the Senate. Therefore, the bill no longer contains any effective provisions to oppose communism.

Mr. President, we have marched up the hill and down again. In the conference report we are asked to undo all the good we did by adoption of the amendment of the distinguished Senator from Ohio. I believe a similar amendment was offered by the distinguished Senator from Wisconsin [Mr. PROXMIRE].

Mr. President, who won and who lost when the conferees agreed to the provisions they have brought to us? First, both bodies of the Congress, the House and the Senate, and the American people are the losers. Second, the administration won every point it wanted. Third, this was a victory for the Communists.

Why do those favoring the conference action say: Should there be aid to Communist countries? A theory of evolution or fragmentation of the Communist bloc is being advanced. This theory is not borne out by the facts.

In the May Day parade of 1962, held in Belgrade, there were 20 new Soviet-made T–54 tanks, SU–100 self-propelled guns, and Soviet helicopters on display.

I might mention some other things about Yugoslavia which I think would be of interest to the Senate. Tito has made numerous statements showing where he stands. In 1956 he had an interview with Edward R. Murrow, who is now the Chief of the U.S. Information Agency. In that interview he said that the aims of his country were the same as those of Communist Russia.

On May 6, 1962, Tito said that Yugoslavia was turning from liberalism toward tight Communist Party control. In other words, in May of this year, Mr. Tito himself said that his country was departing from a liberal line and moving toward a tight Communist Party control line.

The border closed to the Greek partisans, discussed in Milovan Djilas' book, "Conversations with Stalin," was closed in accordance with Stalin's wish. In other words, Tito did not close the border to help the West against the Greek partisans; he closed the Greek border because that was the wish of Stalin. This is clearly shown in Djilas' book. I think that book would be well worth the time of Senators to read.

Much has been said about the fact that in the United Nations Yugoslavia has not voted with the Communist bloc.

I should like to cite the following figures so that the people of our country will know that Tito and Yugoslavia have supported the Communists on international political and security issues. The United Nations voting record shows that Tito is adhering to the international Communist Party line. During the 1961 session of the United Nations, Yugoslavia voted consistently with the U.S.S.R. and the bloc on questions involving the international Communist movement. I think those votes are convincing as to where Yugoslavia stands. Yugoslavia and Poland support other Communist regimes such as Cuba, and aid in the export of the Communist revolution throughout South America and Africa.

The Under Secretary of State, Mr. George Ball, admitted in an open hearing before the Special Preparedness Subcommittee, which made a study of the muzzling of the military, that Yugoslavia is supporting the export of the Communist revolution throughout Cuba and Latin America with financial credits. In 1960 Yugoslavia exported $62 million in foods, beverages, tobacco, and raw materials to the U.S.S.R.

Senators can ignore the facts that I am presenting if they wish to do so. In my judgment, the American people will not ignore the facts. The American people do not want foreign aid to go to countries that are practicing deceit through pretended neutralism. The American people do not want foreign aid to go to countries that are satellites of

Russia, the seat of international communism. The American people do not want foreign aid to go to Communists of any description, posing under any guise.

The American people do not wish to assist in perpetuating communism, as the proposed conference report would do.

Tito is using our aid to promote the cause of communism, to foster neutralism, and to oppose alinement of other nations with the West.

On April 8, 1961, the Washington Star published a statement to the effect that in 1 year Yugoslavia granted credits for $100 million to new nations such as India, Ceylon, Indonesia, the United Arab Republic, the Sudan, Ethiopia, Morocco, and Ghana. These so-called neutralist nations are the countries in which the Communists are now making inroads. Yugoslavia has aided Cuba with skilled personnel and in the training of Cuban pilots. Yugoslavia is posing as a nationalist communistic state for the purpose of getting money from the West.

Dr. Charles Zalar of the Library of Congress, in a study for the Internal Security Subcommittee, has said that Tito has been more valuable to world communism, posing as a nationalist Communist than he could possibly have been as a Moscow Communist. Consistently Yugoslavia has supported the U.S.S.R. over the United States of America.

In 1961 at the Belgrade Conference of neutralist nations, Yugoslavia supported the Soviet's resumption of nuclear tests, but joined the other so-called "neutral" nations in warning the United States not to follow suit. In February 1960, Yugoslavia recognized Gizenga, a known Communist, as the leader of the Congo. In January 1962, 30 Yugoslavians, one third of them airmen, sat on the reviewing stand in Cuba when Castro celebrated his rise to power.

On November 26, 1960, the New York times published an article containing the following statement:

> Tito and his associates can rightfully boast that in accepting aid from the West they have never subscribed to any commitment that could curb their freedom of action.

Quoting further from the Times:

> The Yugoslavia chief subscribes to the Marxist theory of the inevitable decline of capitalism and the triumph of communism.

I think there is no question as to where Mr. Tito stands. If there ever was any question in the mind of anyone, it has been resolved by Mr. Tito himself in the various actions he has taken and the words he has spoken. These are the words out of the mouth of Mr. Tito himself, on November 8, 1946. He has never repudiated the words. By his actions since then he has substantiated them:

> The capitalist forces constitute our natural enemy despite the fact that they helped us to defeat their most dangerous representative. It may happen that we shall again decide to make use of their aid, but always with the sole aim of accelerating their final ruin.

Whose ruin is Tito seeking to accelerate? Russia's ruin? No. Whose ruin? Our ruin. That is the statement. I quote further from Tito's words:

> Our present policy should, therefore, be to follow a moderate line, in order to gain time for the economic and industrial reconstruction of the Soviet Union and of the other states under our control. Then the moment will come when we can hurl ourselves into the battle for the final annihilation of reaction.

Has there ever been any clearer intention on the part of anyone as to where he stands than Mr. Tito's own words express? He has never repudiated them. On the contrary, he has substantiated those words over and over by his actions.

Yugoslavia's United Nations voting record has adhered closely to that of the U.S.S.R. and other Communist countries when questions affecting the international Communist movement were voted upon. On December 12, 1958, Yugoslavia voted "no" on the 37-power resolution condemning continued defiance of the General Assembly resolution on Hungary.

Although the resolution was adopted by a vote of 54 to 10, the entire membership of the Communist bloc voted against it. Again on December 9, 1959, Yugoslavia voted "no" on the 24-power resolution deploring continued U.S.S.R. and Hungarian disregard of General Assembly resolutions on the Hungarian situation. Again the resolution passed by a vote of 53 to 10 with Yugoslavia and the entire Communist bloc the only ones in opposition. Throughout the entire period of the Hungarian uprising, Yugoslavia lent tacit approval to the slaughter of the freedom fighters by a total and obvious lack of criticism. They maintained strict adherence to the Communist line and unflinching loyalty to the international Communist movement.

Milovan Djilas' own personal criticism of both the Hungarian and the U.S.S.R.'s brutal tactics in Hungary constituted one of the major charges which Yugoslavia had against him in one of his trials. By displaying open contempt for the handling of the Hungarian uprising, he was deviating not only from Hungarian and U.S.S.R. policy, but necessarily from Yugoslavian policy at the same time. The conviction of Mr. Djilas reaffirms the fact that at the present time Yugoslavia is adhering strictly to the policies emanating from Moscow and being implemented by all Communist regimes.

On the many other matters which have been up for a vote in the United Nations General Assembly, my research has failed to reveal any question of a political or security nature in which Yugoslavia voted with the United States and against the Soviet Union. The only instance of significance in which the Yugoslav delegate to the United Nations voted with the United States and at the same time against the Soviet Union was with regard to the resolution appealing to the U.S.S.R. not to explode a 50-megaton bomb. This was Resolution No. 1632, and the vote took place on October 27, 1961. Yugoslavia voted with the Soviet Union and against the United States on approximately 21 separate votes in the 1961 United Nations General Assembly. These included the item on Tibet, the item on Hungary, against the U.S. resolution not to seat North Korea, against the resolution denominating the Chinese representation question as an important question, and for the Soviet resolution to seat the Chinese Communists. On all questions of any importance to the international Communist conspiracy, Yugoslavia voted with the U.S.S.R. and the rest of the satellite countries.

Recently I had the opportunity to view a film which was an interview with Tito by Edward R. Murrow. Although this film was made in approximately 1956, it is not now available to the American public. Although it contains nothing which should be of a classified nature, it is now classified and its existence is not generally known. In this film the whole tenor of the statements made by Tito reaffirm his dedication to communism and his belief in its eventual goal of world domination. In response to the request that he describe the basic difference between communism in Yugoslavia and communism as practiced in the Soviet Union, Tito said, and I quote:

> These are not big, ideological differences. They are not too big. We have the same aims—that is to say, the building of socialism and communism.

Mr. President, Tito readily admits that his eventual goal is exactly the same as that of the Soviet Union, and yet our policy planners do not have the fortitude to face up to his warning. The goals of communism are well known. It is their intention to engulf the world with their insidious and atheistic way of life and snuff out the last flickers of hope for free people everywhere.

Tito explained his foreign policy as one of coexistence. At the same time he states flatly that he is in complete accord with Moa Tse-tung. He reiterates what he terms as "my point by point" agreement with Mao. Without a doubt the coexistence of which Tito speaks is the same as that practiced by the U.S.S.R. under Khrushchev. This is the type of coexistence which has enabled them to take over some 15 countries since the end of World War II, Cuba just a few short years ago, and now has put Laos practically within their grasp.

For years now when this question of aid to Yugoslavia has been raised on the floor of the Senate, the defense has been made that our aid to them was reaching the critical stage. To have denied it at any one of those particular times would have undeniably meant complete domination of Yugoslavia by the U.S.S.R so the proponents of aid to Yugoslavia have said on each occasion. No doubt that argument will be made now, and will be persuasive upon some people. However, all of our millions of dollars have not brought about the evolution of Yugoslavia into a peaceful, nonaggressive socialist state, or its fragmentation from the Soviet bloc as this aid was intended to do.

Rather the United States has been contribuiting, and contributing substantially, to its own downfall by supporting

economically a government whose leader reaffirms his dedication to the eventual overthrow of our way of life. I cannot stress strongly enough my opposition to giving aid to Yugoslavia or any Communist-dominated country.

Therefore, Mr. President, I intend to support the motion of the distinguished Senator from Ohio to recommit the conference report with instructions.

I cannot see how the conference committee could have done any worse on behalf of this country or any better on the part of the Communists than to bring forth the conference report it has submitted in this particular instance.

I repeat that the amendments made in the bill by the House which were calculated to follow a tough line on communism, or at least a tougher line than we had been following, were eliminated. I repeat further that the amendments put in the bill by the Senate, to take a tougher line against communism than we had been pursuing, were removed from the bill. In other words, as the bill is today, it is stripped, it is naked, it is nude, so far as any provision is concerned which follows a tough line against communism.

I do not believe that that is the wish of the American people. I do not believe that that is in the best interest of the American people.

I bitterly protest the conference report and expect to vote against it, in the event that it is not recommitted on the motion of the Senator from Ohio.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Ohio to recommit the conference report with instructions. [Putting the question.]

The motion was rejected.

Mr. MANSFIELD. Mr. President, I move that the Senate reconsider the vote by which the motion of the Senator from Ohio [Mr. LAUSCHE] was rejected.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Montana will state it.

Mr. MANSFIELD. Is my understanding correct that under the unanimous-consent agreement reached earlier this evening a vote will be taken on the adoption of the conference report at 1 o'clock tomorrow afternoon?

The PRESIDING OFFICER. The understanding of the Senator from Montana is correct.

Mr. MANSFIELD. Mr. President, on that question, I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays were ordered as a part of the unanimous-consent agreement.

ADMINISTRATION OF BASIC PUBLIC RECREATION FACILITIES AT ELEPHANT BUTTE AND CABALLO RESERVOIR AREAS, N. MEX.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 46) to provide for the establishment and administration of basic public recreation facilities at the Elephant Butte and Caballo Reservoir Areas, N. Mex., and for other purposes, which was, on page 3, line 1, after "amounts" insert ", but no more than $607,000,".

Mr. ANDERSON. Mr. President, all that was done here was that the House inserted a limitation in the bill. The committee believes that the limit should be put in. I move that the Senate concur in the amendment of the House.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New Mexico.

The motion was agreed to.

THE ISSUE OF MEDICAL CARE FOR THE AGED

Mr. HART. Mr. President, this will be a very brief speech, consisting merely of a quotation from each of two prominent Republicans. These two statements in combination provide a highly instructive lesson on the issue of medical care for the aged.

Yesterday, Republican National Chairman WILLIAM E. MILLER, made a statement on the administration's medicare bill. According to the Washington Post, this is what he said:

> The health bill is a cruel hoax on our senior citizens.

Note the words "cruel hoax."

The second statement was made during the 1936 presidential campaign. It referred to the Social Security Act and was spoken by Republican candidate Alfred Landon. This is what he said:

> I am not exaggerating the folly of this legislation. The saving it forces on our workers is a cruel hoax.

Mr. President, no statement I could make in favor of Medicare would be nearly so illuminating as these quotations from two eminent members of the opposition party.

PUBLIC WELFARE AMENDMENTS OF 1962—CONFERENCE REPORT

Mr. KERR. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. METCALF in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of July 18, 1962, pp. 13104–13106, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. KERR. Mr. President, I am happy to say that we were able to adjust our differences with the House in a constructive manner so that we can present to the country a potentially much stronger welfare program. Members of the Senate are aware that the emphasis in this proposal is on encouraging the States to provide more and better rehabilitative services in their welfare programs to bring hope and confidence to public assistance recipients, in the expectation that many of them will be able to leave the relief rolls. Many studies have shown why these people are on those rolls. Stated simply, the major causes are old age, severe physical handicap, and the breakup of family life. In presenting the bill as reported by the Committee on Finance to the Senate on July 3 of this year, I said:

> I believe that citizens everywhere want to see this great and useful program yield greater returns in stronger, more stable, and more productive lives.
>
> The public welfare amendments of 1962 are a testimony to the belief of the Congress in the dignity of every individual, whatever his circumstances, and his right to an opportunity to develop to his fullest capacity.

I believe the conference bill will carry out this purpose and enable us to implement one of the most constructive public welfare measures ever enacted by the Congress.

There was substantial agreement in the bill as passed by the House and by the Senate in its scope and purpose.

The amendment which provides an increase in the Federal matching formula for the aged, the blind, and the disabled was adopted with the Senate's effective date of October 1, 1962, in order that the States will have a period of time to enable them to be ready to fully pass along the increase to recipients. This improvement would enable the States, without additional State appropriation, to give the needy aged, blind and disabled $4 additional each month, plus continuing the $1 increase voted last year on a temporary basis. The conference committee expects and, on the basis of experience after prior increases of this type, believes that the additional Federal funds that would be available will be used by States to improve payments to persons who are receiving assistance under the programs of old-age assistance, aid to the blind, and aid to the permanently and totally disabled.

The Senate version of the rehabilitative services and training provisions in the public assistance programs was adopted, and thus no State will lose Federal matching and the bonus 75 percent matching will be available to those States which provide the minimum required services. This is one of the most important sections in carrying out the broad purpose of the act and in encouraging the States to provide such important services.

The Senate amendment to exempt $50 a month in earned income in old-age assistance program was accepted by the conference with a modification, effective January 1, 1963, allowing States to exempt the first $10 of the $50 completely, and one-half of the remainder.

As he recalled, there was language in the House bill section 107—which was designed to give the States very broad

of course, it will speak with the single editorial voice of that ownership.

One of the great tragedies in such a situation is not only in terms of editorial impact and in terms of the opportunity for the citizens of Milwaukee to hear a competitive newspaper voice, but also in terms of the human impact, which for hundreds of fine human beings and their families is devastating. The Milwaukee Sentinel has some 700 employees, and 300 of them are members of the Newspaper Guild. I know many of them personally. They are fine, able, and dedicated; but now they have no jobs. This is one of the terrible consequences and prices which must be paid because of the very great increase in the cost of operating modern newspapers and also because of the unfortunate trend toward the consolidation of newspapers.

I may say that the Milwaukee Journal has proceeded with great reluctance in making this purchase; and President Maier said that on the basis of an offer by the Hearst Corp., the purchase is being made; but he pointed out that the Journal has never before purchased or acquired another newspaper—and the Milwaukee Journal is now about 80 years old.

Mr. President, Irwin Maier, the president and publisher of the Milwaukee Journal, stated:

> The Journal Co. has an obligation to the people of this city and this State. Permanent passing of a morning newspaper in Milwaukee would result in a serious loss of reader and advertiser services. * * *
>
> The new Milwaukee Sentinel will operate under the same general policies as have guided the Milwaukee Journal since 1882. It will report the news fairly and objectively. It will be aggressive in the people's interest. It will be bound to no political party or special interest group. Its policies will be determined by men and women who are residents of Milwaukee and Wisconsin and who are dedicated to the best interests and to the progress of this city and this State.

Mr. President, those are more than just the words of the president of a newspaper who is proud of his paper. The fact is that the Milwaukee Journal has repeatedly won awards as one of a small handful of truly outstanding newspapers in the United States. The fact is that last year there were two separate polls on the best newspaper; and it is my recollection that although the New York Times and the Christian Science Monitor ranked first and second, respectively, the Milwaukee Journal was third. Of course, I say with all respect that the New York Times and the Christian Science Monitor, are not city newspapers; they are national newspapers. They have national impact, national circulation, and national attitude.

On the other hand, of course the Milwaukee Journal recognizes—and excessively so, I think—that its responsibility is primarily and fundamentally to the people of Milwaukee, and secondarily to the people of Wisconsin, and that it has only a tertiary coverage by its own staff of national matters. Furthermore, Mr. President, even the undeniable excellence of the Milwaukee Journal can provide no real substitute for genuine competition.

Mr. President, there is no question that Milwaukee has had superb newspaper coverage, and will have in the future. But it is most unfortunate that, for the first time in a century or more, there is to be only one newspaper voice speaking in Milwaukee, and no longer will there be in Milwaukee the newspaper competition which has meant so much in the past in providing contradictory expressions and viewpoints and which has helped make Milwaukee the stimulating and exciting place it has been.

Mr. President, I yield the floor.

FOREIGN ASSISTANCE ACT OF 1962—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. COOPER. Mr. President, I would like to say to the Senator from Alabama [Mr. SPARKMAN] and the Senate conferees that I am glad they maintained in the Foreign Assistance Act of 1962 the amendment which I offered—and which was adopted by the Senate—which in substance urges the President to seek the assistance of other free countries, and the World Bank, in carrying forward a joint program of foreign aid, in any specific country or group of countries.

The chief purpose of my amendment is to secure the greater financial, technical and economic assistance of other countries—such as Great Britain, France, West Germany, Italy, Japan, Canada, Australia, and other free countries. The work of assistance to developing countries must go on, but the United States cannot continue to bear such a preponderant part of the burden of aid. I hope that the President and the Secretary of State will take even stronger and affirmative steps to secure the assistance of other countries.

My amendment looks to the formation of consortia—groupings of free and prosperous countries with the United States—in which countries other than the United States, as well as the United States, will commit themselves to bear their part of the burden of aid.

Such definite groupings of other countries with the United States can have important consequences, and can improve aid programs to underdeveloped countries. A group of free countries can, I believe, have more influence in assisting and persuading a country receiving aid to formulate the kind of a program best suited to its development, and to commit to its own development the maximum in self-help. And, it may be possible to advise and persuade several countries which have common interests of trade to form themselves into economic groupings—on the model of the economic communities of Western Europe.

If these ends are patiently and firmly sought, I believe that in time our country can give leadership in developing a stronger aid program—and one in which the United States will not be required to bear a burden which it cannot forever bear.

Mr. HUMPHREY. Mr. President, during the debate today concerning the conference report on the foreign-aid bill, considerable emphasis has been placed on the allegation that the conference report does not effectively meet the Communist menace; or—to rephrase the matter—it has been stated that the provisions of the bill which related to anti-Communist programs have been removed, and do not appear in the final conference report.

Mr. President, the entire purpose of the mutual security program and all foreign-aid legislation is to help build the areas of freedom in the world, to strengthen America's position and security, to combat the totalitarian Communist menace, and to assist other peoples in building free, healthy, and viable societies and economies.

I am not going to take the time of the Senate or its staff tonight to further articulate my conviction that one of the most effective programs we have in combating the Communist menace is the foreign aid program. To be sure, it takes time for these programs to work their will or to produce the desired results. We must remember that they are directed to countries that, in the main, are in the throes of social upheaval, countries that are backward in terms of their economic structure and social institutions; countries many of which have suffered from colonialism, war, and exploitation.

It is in those areas of the world that Communist penetration works its way, and it is in those areas of the world that the contest between communism and freedom is being fought. I refer to such areas as Asia, particularly southeast Asia, Africa, the Middle East, and Latin America.

Also, I would call to the attention of the Senate the dedication of the people of the United States, and of our Government to the eventual emancipation and liberation of the peoples behind the Iron Curtain, living in what are now known as the captive nations.

Last evening it was my privilege to participate in the program of the Assembly of the Captive Nations, the chairman of that assembly being Dr. Nagy, former Prime Minister of Hungary when it was a free country with parliamentary institutions. I was the recipient, along with Dr. Judd, of Minnesota, and a member of the Parliament of the Netherlands, of an award for our work in the field of anticommunism, and, of equal importance, in the area of supporting the hopes and the aspirations of the peoples living in the captive nations.

Mr. President, I have gone through the Foreign Assistance Act of 1961 and the amendments of 1962, which are now before us in the nature of a conference report, and I have marked in the respective chapters and titles of the Foreign Assistance Act of 1961 certain passages which state the policy of this country, as contained in the program

of the Congress and the administration in the field of foreign aid, and the policy of our country in the struggle against communism.

I ask unanimous consent that those portions and passages of the Foreign Assistance Act of 1961 and the passages, articles, and subsections of the conference report on the Foreign Assistance Act of 1962 be printed as a part of my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EXCERPTS FROM "LEGISLATION ON FOREIGN RELATIONS"

SEC. 102. STATEMENT OF POLICY.—It is the sense of the Congress that peace depends on wider recognition of the dignity and interdependence of men, and survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom.

* * * * *

It is the policy of the United States to strengthen friendly foreign countries by encouraging the development of their free economic institutions and productive capabilities, and by minimizing or eliminating barriers to the flow of private investment capital.

* * * * *

Also, the Congress reaffirms its conviction that the peace of the world and the security of the United States are endangered so long as international communism continues to attempt to bring under Communist domination peoples now free and independent and to keep under domination peoples once free but now subject to such domination. It is, therefore, the policy of the United States to continue to make available to other free countries and peoples, upon request, assistance of such nature and in such amounts as the United States deems advisable and as may be effectively used by free countries and peoples to help them maintain their freedom.

* * * * *

The Congress recognizes that the peace of the world and the security of the United States are endangered so long as international communism and the countries it controls continue by threat of military action, by the use of economic pressure, and by internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and countries once free but now subject to such domination.

* * * * *

In enacting this legislation, it is therefore the intention of the Congress to promote the peace of the world and the foreign policy, security, and general welfare of the United States by fostering an improved climate of political independence and individual liberty, improving the ability of friendly countries and international organizations to deter or, if necessary, defeat Communist or Communist-supported aggression, facilitating arrangements for individual and collective security, assisting friendly countries to maintain internal security, and creating an environment of security and stability in the developing friendly countries essential to their more rapid social, economic, and political progress. The Congress urges that all other countries able to contribute join in a common undertaking to meet the goals stated in this part.

* * * * *

SEC. 601. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress of the United States recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to economic progress and development. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other countries to increase the flow of international trade, to foster private initiative and competition, to encourage the development and use of cooperatives, credit unions, and savings and loan associations, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture, and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward economic strength of less developed friendly countries, through private trade and investment abroad, private participation in programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this subsection.

* * * * *

SEC. 620. PROHIBITIONS AGAINST FURNISHING ASSISTANCE TO CUBA AND CERTAIN OTHER COUNTRIES.—(a) No assistance shall be furnished under this Act to the present government of Cuba. As an additional means of implementing and carrying into effect the policy of the preceding sentence, the President is authorized to establish and maintain a total embargo upon all trade between the United States and Cuba.

(b) No assistance shall be furnished under this Act to the government of any country unless the President determines that such country is not dominated or controlled by the international Communist movement.

EXCERPTS FROM CONFERENCE REPORT ON S. 2996

"It is the sense of Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military or propaganda efforts, supported by the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this Act."

* * * * *

"TITLE VI—ALLIANCE FOR PROGRESS

"SEC. 251. GENERAL AUTHORITY.—(a) It is the sense of the Congress that the historic, economic, political, and geographic relationships among the American peoples and Republics are unique and of special significance and that the Alliance for Progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relatinships among them. It is further the sense of Congress that vigorous measures by the countries and areas of Latin America to mobilize their own resources for economic development and to adopt reform measures to spread the benefits of economic progress among the people are essential to the success of the Alliance for Progress and to continued significant United States assistance thereunder. The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

* * * * *

(1) Amend the first sentence of subsection (a) to read as follows: "No assistance shall be furnished under this Act to the present government of Cuba; nor shall any such assistance be furnished to any country which furnishes assistance to the present government of Cuba unless the President determines that such assistance is in the national interest of the United States."

(2) Amend subsection (c) to read as follows:

"(c) No assistance shall be provided under this Act to the government of any country which is indebted to any United States citizen or person for goods or services furnished or ordered where (i) such citizen or person has exhausted available legal remedies, which shall include arbitration, or (ii) the debt is not denied or contested by such government, or (iii) such indebtedness arises under an unconditional guaranty of payment given by such government, or any predecessor government, directly or indirectly, through any controlled entity: *Provided*, That the President does not find such action contrary to the national security."

(3) Add the following new subsections:

"(e) The President shall suspend assistance to the government of any country to which assistance is provided under this Act when the government of such country or any governmental agency or subdivision within such country on or after January 1, 1962—

"(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

"(2) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency or government subdivision fails within a reasonable time (not more than six months after such action or after the date of enactment of this subsection, whichever is later) to take appropriate steps, which may include arbitration, to discharge its obligations under international law toward such citizen or entity, including equitable and speedy compensation for such property in convertible foreign exchange, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be, and such suspension shall continue until he is satisfied that appropriate steps are being taken and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

"(f) No assistance shall be furnished under this Act, as amended, (except section 214(b)) to any Communist country. This restriction may not be waived pursuant to any authority contained in this Act unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international communism. For the purposes of this subsection, the phrase 'Communist country' shall include specifically, but not be limited to, the following countries:

"Peoples Republic of Albania,
"Peoples Republic of Bulgaria,
"Peoples Republic of China,
"Czechoslovak Socialist Republic,
"German Democratic Republic (East Germany),
"Estonia,
"Hungarian Peoples Republic,
"Latvia,
"Lithuania,
"North Korean Peoples Republic,
"North Vietnam,
"Outer Mongolia-Mongolian Peoples Republic,
"Polish Peoples Republic,
"Rumanian Peoples Republic,

"Tibet,
"Federal Peoples Republic of Yugoslavia,
"Cuba, and
"Union of Soviet Socialist Republics.

* * * * * *

"(h) The President shall adopt regulations and establish procedures to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries."

Mr. HUMPHREY. Mr. President, these particular passages or subsections relate to the specific issue of whether or not the conference report and the Foreign Assistance Act direct themselves toward the Communist menace and whether or not the provisions in the act are effective and meaningful provisions.

As a member of the Foreign Relations Committee, and a member of the conference committee, I submit that the conferees of the two Houses strengthened the so-called anti-Communist provisions of the Foreign Assistance Act. I further submit and state that the whole purpose of the Foreign Assistance Act is to build and strengthen free peoples, free nations, and free institutions. We may disagree in good conscience as to the best means of expanding the area of freedom and of protecting the independence and the territorial integrity of the free countries of the world; but I do not believe that that disagreement should result in allegations that the strong and meaningful anti-Communist provisions of the law have been weakened or have been deleted from the legislative program.

I would further add that the Senate, the House, and their conferees have written into the law the strongest language we have ever written on the item of expropriation and nationalization of American properties in countries that receive American aid. I was one of those who helped write that part of the act. I can say that not only did that provision strengthen the law over what it was a year ago, but we took effective steps to make sure that, where there are legitimate claims of American citizens or business firms, and where those claims are duly acknowledged and yet unpaid, the Foreign Aid Administrator is to take effective and prompt action to deny further assistance to those countries. The language is very clear on those matters.

I would also note that paragraph (f) of the Foreign Assistance Act of 1962, which relates to the possibility of assistance to a Communist country, is the strongest language that has ever been written by any Congress in the history of our Nation on this particular subject.

President Kennedy is receiving a directive from the Congress of the United States that is a good deal stronger than any directive that was ever given to any President of the United States.

I would also remind my colleagues that, on this very subject of assistance to countries in the Communist bloc, two other Presidents were given a vote of confidence by the Congress of the United States when the Congress adopted provisions of law that were much more flexible in their adaptation and application than the provisions which are now in the conference report before the Senate.

The measure which was adopted by the conferees includes the main provisions of the Senate language as well as the House language. Furthermore, the House language was supported overwhelmingly by Republicans and Democrats alike, by men who are known for their insistence on a stern, firm, and strong position against the Communist forces.

When men of the stature of Representatives WALTER, of Pensylvania; JUDD, of Minnesota; ARENDS, of Illinois; HALLECK, of Indiana; HAYS, of Ohio; and MORGAN, of Pennsylvania, take the floor of the House and propose legislation to insure that assistance from this country is not used in any way that will strengthen a Communist country or weaken the security of the United States, I submit the evidence of effective anti-communism in this legislation is on the side of the proponents of the legislation.

Mr. President, it is well known in many areas of the world that two of the countries which have received considerable aid from this Nation, Yugoslavia and Poland, have been, to use a current phrase, thorns in the side of the Soviet Union.

We have debated this issue time after time. It is not necessary to go over the debate once again. I am hopeful that when the Senate votes tomorrow, it will recognize that the Foreign Aid Act has had careful deliberation, thoughtful consideration, and meticulous scrutiny by a number of Members of this body, as well as by a number of Members of the House. I am hopeful the Senate will support the unanimous report of the conference committee.

Mr. COTTON and Mr. CARROLL addressed the Chair.

Mr. HUMPHREY. I yield, of course, to my friend from New Hampshire.

Mr. COTTON. I thank the Senator. I am sure the distinguished Senator from Minnesota does not intend to convey the thought, and does not have the thought, that because some of us feel very strongly about one phase of the conference report—namely, the phase relating to aid to Communist countries—that we are not wholeheartedly in favor of the foreign aid program, which he has so well described and presented in his very able remarks.

Since 1946, when I came to the Congress as a Member of the House of Representatives, beginning with the Greek-Turkey aid and the Marshall plan, I am one who has never failed to support the foreign aid program. Because I have long recognized his fairness, I am sure the Senator understands we might make a fight on the conference report because of one feature, and still be thoroughly in sympathy with the program.

Mr. HUMPHREY. I surely do. I recognize there are honest differences of opinion over sections of the bill.

I have never been one in the Senate who has believed that because a man disagrees with me on a particular item of legislation it necessarily means he is opposed to the entire body of legislation. We are talking about sections and subsections of the measure. I respect the Senator's point of view. I thought that earlier this evening he made his case exceedingly well when he pointed out that his late departed colleague had been one of the most stalwart battlers in this body for stronger language on so-called assistance to Communist bloc countries, and that he did not intend to let the issue go by without continuing the fight.

I respect the Senator. The Senator knows that is one of the purposes of this body. The Senate provides for an exchange of views.

I am looking forward to what I know will be enlightening and pertinent, though I hope not overly persuasive, remarks by the Senator from New Hampshire tomorrow.

Mr. COTTON. I thank the Senator from Minnesota.

Mr. HUMPHREY. I now yield, Mr. President, to the Senator from Colorado.

Mr. CARROLL. I say to the able and distinguished acting majority leader, the Senator from Minnesota, I, too, came to the Congress in the 80th Congress. I, too, voted for the Greek-Turkey aid program, for the Marshal plan, and for other foreign aid legislation. All through these years I have supported the foreign aid programs of President Truman, President Eisenhower, and now President Kennedy. By my votes in the House and the Senate I have supported the concept of giving the President flexibility in the handling of this most difficult problem. The direction that foreign aid should take is something that the executive branch should be free to determine as an implementation of its foreign policy. I have always supported this concept under three different administrations.

Those of us who have voted for the various foreign aid programs should not be subjected to labeling as soft on communism because we feel that the President of the United States, exercising his constitutional duties and prerogatives, ought to have some flexibility in the handling of these difficult foreign policy problems.

I have listened with a great deal of interest to the remarks of the acting majority leader this evening. Those remarks ought to be read carefully by every Senator. The record is clear.

Recently I was one of a small group of Senators who voted in support of the position that President Kennedy ought to be given the flexibility he asked for on allocation of aid to nations we are trying to swing away from the Communist bloc. I felt that this body was making a mistake in denying President Kennedy this anti-Communist weapon.

I saw the Senate go up the hill, and then down the hill the next day.

As I read this conference report, recommended by conferees of both bodies of the Congress, it sustains the viewpoint so clearly and ably presented by the acting majority leader, the able Senator from Minnesota.

I think it would be a most serious mistake, I say to my able friend from New Hampshire, who is a very able legislator, if we did less than is contained in the

conference report. I wish to associate myself with the splendid and pertinent observations of the able acting majority leader this evening. I shall vote tomorrow to agree to the conference report.

Mr. HUMPHREY. I thank the Senator from Colorado.

I wish to make it clear, Mr. President, that the purpose of the foreign aid program is not to give assistance to Communist countries. The purpose of the foreign aid program is to give assistance to people who aspire to freedom, as well as to strengthen the security of the United States of America and its allies.

Senators will be interested to know that that section of the conference report now in controversy reads as follows:

No assistance shall be furnished under this Act, as amended (except sec. 214(b)) to any Communist country.

Section 214(b) relates to the Children's Hospital at Krakow, Poland. I add that this is a gift on the part of the American people to the children of Central Europe and particularly of Poland—to people and children who are God loving, God fearing people, as anti-Communist as are the people of the United States.

I have been to Poland. There are more anti-Communists in Poland than there are in nearly any other country in the world. It is pretty hard to even find a Communist there.

The language further states:

This restriction may not be waived pursuant to any authority contained in this Act unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international communism. For the purposes of this subsection, the phrase "Communist country" shall include specifically, but not be limited to, the following countries:

Then there follows a list of what we know to be the Communist dominated countries.

Mr. President, we are giving ever so little flexibility to the Commander in Chief of the Armed Forces of the United States, to the Chief Executive of this country, to our President. He is the same President to whom we give authority every hour of the day to send American forces to protect the vital interests and vital security of the United States. The President of the United States at this moment can dispatch airplanes, Marines, infantrymen, mechanized units, even naval forces if he believes it is vital to the security of the United States. He has done so in the instance of Vietnam. Marines were moved into Thailand by the authority of the President of the United States under his constitutional authority as Commander in Chief. He has done what he has done because he has found it to be vital to the security of the United States.

I submit that if we are to entrust the lives of every man, woman, and child in this country, and perhaps in the world, to a decision on the part of the President of the United States, based upon facts that lead him to believe his decision is vital to the security of the United States, then we ought not to hesitate to give that same Commander in Chief, that same President, a little flexibility and maneuverability in a foreign assistance act, so that he might be able to utilize that act when sueh action needs to be taken because it is vital to the security of the United States of America.

I submit to Senators that the word "vital" is a great deal more important than merely saying that it is in our national interest. Many things are in our national interest. When we say vital to the security of the United States, we would place the responsibility of determining what is vital to the security of our Nation in the hands of the President. I think that the President of the United States will exercise that provision of law with meticulous care and with a studied judicious application of what the intent of the law is as designed by Congress.

Mr. COTTON. Mr. President, before the Senator yields the floor, will he yield to me?

Mr. HUMPHREY. Yes. I intended to yield the floor.

Mr. COTTON. Before the Senator does so, I would appreciate his yielding to me because I do not wish to add to his very able presentation.

Mr. HUMPHREY. I am happy to yield to the distinguished Senator from New Hampshire.

Mr. COTTON. Mr. President, I commend the distinguished acting majority leader, the Senator from Minnesota [Mr. HUMPHREY], for his very able presentation. I join with him in an expression of confidence in the President of the United States. I believe as deeply and thoroughly as he does that the President of the United States will exercise every responsibility that he has conscientiously.

I cannot refrain from saying that the Congress has its own responsibilities, too. While I do not for a moment suggest that the President would not exercise his diseretion conscientiously and carefully, I, for one, find it impossible to conceive of any circumstances under which American aid to Communist countries is vital—I repeat and emphasize the word "vital"—to the security of the United States. I see no reason for even suggesting to the President of the United States that that is true. I see no reason why the Congress should surrender its own convictions, if it has convictions, and the Senate did express convictions recently on that point.

Mr. HUMPHREY. Mr. President, earlier today the Senate voted on the motion of the Senator from Oregon [Mr. MORSE] to postpone action on the conference report until August 1. On that vote the Senator from Utah [Mr. Moss] was necessarily absent. He was in attendance at the National War College on official business. I regret that I did not get the information to the Senator in time as to the vote so that he might return for the yea-and-nay vote. It was my error. I wish to so acknowledge it for the RECORD, because the Senator from Utah is a very conscientious Member of this body. He prides himself—and rightly so—in a splendid attendance record, and in attending to his official duties. I wish the RECORD to be clear that he was attending to official business. His absence at the time of the yea-and-nay vote was due only to an error on the part of the majority whip.

Mr. CARROLL. Mr. President, will the Senator yield to me before he yields the floor?

Mr. HUMPHREY. I yield.

Mr. CARROLL. I sincerely commend the able Senator from New Hampshire on the clear and positive statement of his position. Honest and sincere men may not agree with some of us that the President should have the flexibility that he has requested. They may believe that the power should reside in the Congress. That is an honest and sincere position. We respect men who so believe.

I also commend the able Senator for saying that his attitude is not the result of a lack of confidence in the President. Perhaps under the separation of powers provision of the Constitution Congress should make a determination also. But what I had reference to a few minutes ago are attacks made on the President of the United States charging him with being soft on communism. This charge is then used as the basis for opposing certain faeets of his aid program. Those who served with John Kennedy in the 80th Congress, in the 81st Congress, and in the Senate know that there is not one single vote of John Kennedy that suggests he was soft on communism.

I had no doubt about giving flexible foreign aid powers to President Truman. I had no doubt in my mind about giving such power to President Eisenhower, although he was a member of a different party.

I have no doubt in my mind about giving the exact same type of power to John Kennedy, the present President of the United States.

I raise this issue tonight beeause recently a Member of the other body was reported in a dispatch to a Colorado newspaper to have said that he was disinclined to given certain foreign aid powers to the President because John Kennedy, the present President of the United States, was soft on communism. I say that such a statement is a base falsehood. It is eompletely unsupported by John Kennedy's record as a legislator and as President of the United States. Furthermore, it is not in the interest of this Nation for totally irresponsible utterances of this type to be made. Such statements remind me of another extreme rightwing viewpoint that has been circulated in an irresponsible attack on President Eisenhower. I do not agree with these extreme and unfounded charges made against General Eisenhower either.

I have no way of knowing whether the statements attributed to the Congressman in the Colorado press truely or accurately reflect his views. It may be

that he would wish to set the record straight on this foolish accusation. In any event I hope this is the last we hear of such totally base and irresponsible charges. Let us discuss these issues calmly and on their merits, as the Senator from New Hampshire is doing. We can do without ugly name calling.

So I rise to commend the able Senator from New Hampshire. He has not raised any of those phony issues. He has expressed a sincere doubt in his own mind as a legislator about certain aspects of this legislation which is a right and duty of his under the Constitution. He has done this ably and with fairness and has confined his reservations to the merits of the bill. This is as it should be.

I thank the able Senator from Minnesota for yielding.

Mr. HUMPHREY. I thank the Senator from Colorado for his remarks.

ADJOURNMENT

Mr. HUMPHREY. Mr. President, under the terms of the previous order, I now move that the Senate adjourn until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 7 o'clock and 39 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Friday, July 20, 1962, at 12 o'clock meridian.

House of Representatives

THURSDAY, JULY 19, 1962

The House met at 11 o'clock a.m.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Romans 8: 14: *For as many as are led by the spirit of God, they are the sons of God.*

Eternal God, whose abounding grace supplies all our needs, we would begin the business of this day with a sincere prayer that Thy divine counsel may illumine and lead our minds and hearts.

Deliver us from all selfish and unworthy ambitions which Thou canst not sanction and may Thy strength make us invincible in our devotion to the duties and demands of our high calling.

Grant that our faith and courage may be gloriously triumphant over all our disappointments however disconcerting they may be.

Inspire us with a willingness to expend ourselves for others who are finding the struggle of life so difficult, and may the record of service that we are daily writing be worthy of the Book of Life.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

CONFERENCE COMMITTEES

(Mr. CANNON asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. CANNON. Mr. Speaker, each branch of Congress in conference has group autonomy. The selection of the conference chairman is procedural for orderly functioning of the conference. Realizing this, the question of the selection of the conference chairman for the present session of Congress shall be left to the decision of the two subcommittee chairmen.

It is agreed by the joint committee on behalf of the full Committees on Appropriations of the Senate and House of Representatives that for this session only the subcommittee chairmen of each body shall decide who shall act as chairman of the conference. It is further agreed that the chairmen of the Senate and House Committees on Appropriations appoint representatives of each committee to serve as a joint committee to study all the issues involved and to report in January 1963 their recommendations.

CORRECTION ON ROLLCALLS

Mr. DULSKI. Mr. Speaker, on rollcall No. 156 I am recorded as being present. I was absent on that day and did not answer this rollcall. On rollcall No. 159 I am recorded as being absent. I was present and answered to my name. I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

MEDICARE

(Mr. DEROUNIAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DEROUNIAN. Mr. Speaker, in yesterday's Washington Evening Star there are some remarks quoted there attributed to the majority leader, the gentleman from Oklahoma [Mr. ALBERT] wherein it states that he said the Senate vote on the medicare bill "should teach us the value of a vote."

I am still quoting:

> The Republican Party proved itself more this year than ever before a party of complete opposition and obstructionism.

The distinguished majority leader's two Senators were among the leaders of this so-called obstructionist group, and his junior Senator this year is running for reelection. I ask the majority leader this question: Are you going to campaign against your junior Senator for following the lead of your senior Senator who offered the motion to table the medicare bill?

THE MEDICARE BILL

(Mr. GROSS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GROSS. Mr. Speaker, with the gentleman from New York [Mr. DEROUNIAN], I, too, was interested in reading yesterday evening's paper and this morning's paper. It was hardly possible to turn a page of this morning's paper without reading something about someone trying to fix the blame for defeat of the medicare bill. And, it seemed to center on two Members of the other body as being the obstructionists. If I read the voting record right in the other body there were some 21 so-called obstructionists. I do not understand how anyone can narrow it down to two, and I think it is unfair that only two Democrats are singled out for this honor.

Then, of course, there is the campaign up in Massachusetts. It seems to me that what is going on up there is a little unfair to Eddie McCormack, who has toiled long and hard in the political vineyard. But, be of good cheer, for after all is said and done, it apparently means that there will be some empty saddles in the New Frontier's corral before we get through this year.

GRASSROOTS TAX REDUCTION PROPOSAL

(Mr. BROOKS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROOKS. Mr. Speaker, I am offering today for the consideration of the Congress a grassroots tax reduction proposal. I believe that an immediate tax reduction is essential as a critically needed stimulus to our economy and as the most effective way to provide new job opportunities for the working people of our Nation.

The proposal I am offering is simple and direct and a similar proposal offered by the Democratic minority in the 83d Congress was defeated by only 6 votes.

I am proposing, Mr. Speaker, that the Congress increase the personal Federal income tax exemptions from $600 to $800. Persons already eligible for double exemptions would, of course, be eligible for $1,600 exemptions.

The President and the Congress wisely, I believe, are already taking bold steps to stimulate business investment. These steps are necessary to keep our industries and businesses competitive in world markets, however, few of us believe this is all the action needed to encourage full employment opportunities for our people.

By increasing the personal exemption from $600 to $800, it is estimated that $5.6 billion would be released into the consumer market. The overwhelming majority of our taxpayers could well use this tax relief to meet their every day family expenses and family obligations—to make the house payments, buy food, and pay the bills at the first of the month.

In addition, Mr. Speaker, a tax reduction of the proportions Congress will be considering is estimated to be sufficient to offer new job opportunities for almost 1 million workers who cannot find jobs today.

I commend this proposed increase of personal income tax exemptions from $600 to $800 to the study of our colleagues both in the House and Senate and of our President.

MINORITY LEADER HALLECK

(Mr. HARVEY of Indiana asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For information only; should not be quoted or cited)

Issued July 23, 1962
For actions of July 20, 1962
87th-2d, No. 124

CONTENTS

Adjournment.....13,24
Agricultural appropriations.....14
American Samoa.....6
Appropriations 3,14,15,16,17,23,37
CCC.....36
Cooperatives.....12
Dairy products.....30
Education.....35
Electrification.....,11,21
Farm labor.....5,22
Farm program.....1,20,25
Flood control.....10,40
Foreign aid.....2,18,23,26
Foreign trade.....27,31
Imports.....31
Insecticides.....4
Land-grant colleges.....28
Legislative program.....23
Livestock.....36
Nominations.....9
Personnel.....7,29,38
Pesticides.....4
Reservoirs.....33
Salaries.....38
Screwworm.....15
Surplus feeds.....36
Surplus property.....34
Taxation.....12,41
Telephones.....39
Tobacco,.....31,32
Training.....7
Veterans' benefits.....35
Water.....40
Watersheds.....8
Wheat.....1,19

HIGHLIGHTS: House committee reported agriculture appropriation bill. House received conference report on second supplemental appropriation bill. Sen. Williams, Del., charged there was shortage of grain in Estes warehouses. Sen. Curtis criticized handling of Estes case. Sen. Keating charged USDA plays politics in drought relief assistance. Sen. Robertson urged elimination of 55 million national wheat acreage allotment. Senate agreed to conference report on foreign aid authorization bill. Senate passed Labor-HEW appropriation bill. Rep. Michel criticized REA. House received conference report on foreign aid authorization bill. Rep. Henderson introduced and discussed bill to compensate Flue-cured tobacco farmers for natural disaster losses.

SENATE

1. FARM PROGRAM. Sen. Williams, Del., charged that there was a shortage of over 68,000 bushels of grain stored in Estes warehouses and inserted several items relating to this matter. pp. 13310-15

   Sen. Curtis charged that the Estes cotton allotment transfers "were clearly illegal and fradulent," and inserted recent testimony by Walter J. Arnote regarding the transfers. pp. 13362-5

   Sen. Keating criticized the announcement made by the Democratic candidate for Governor of N. Y. that this Department was making drought relief assistance available to farmers in N. Y., and charged that the Department had been evasive to his request for such assistance. pp. 13315-6

   Sen. Robertson urged that the farm bill be amended to eliminate the 55 million national wheat acreage allotment and to give the Secretary discretionary authority to reduce wheat acreage. p. 13294

   Received the farm bill, H. R. 12391, as passed by the House. Sen. Dirksen objected to the second reading of the bill. p. 13303

2. FOREIGN AID. By a vote of 56 to 27, agreed to the conference report on S. 2996, the foreign aid authorization bill. pp. 13280, 13293-300, 13302-5

3. LABOR-HEW APPROPRIATION BILL, 1963. Passed with amendments this bill, H. R. 10904. Conferees were appointed. pp. 13305, 13316-59

Rejected the following amendments:

By Sen. Proxmire, 24 to 59, to reduce the amounts in the bill by $247,105,000 which he stated was the level requested by the Administration. pp. 13316-23

By Sen. Dirksen, 33 to 39, to provide that none of the funds shall be used to increase employment above the level of June 30, 1962. pp. 13346-8

By Sen. Cooper, 30 to 43, to provide that each appropriation in the bill, with certain exceptions, shall be reduced by 5 percent. pp. 13355-8

4. INSECTICIDES; PESTICIDES. Sen. Proxmire expressed concern over the "alarming situation involving the excessive use of powerful pesticides," and inserted an article discussing the situation. pp. 13280-1

5. FARM LABOR. Sen. Hayden criticized the proposed "210-day, 35 week limitation on employment of Mexican nationals on farms," and inserted several items discussing the proposed limitation. pp. 13359-61

6. SAMOA. Conferees were appointed on H. R. 10062, to extend the application of certain laws to American Samoa. House conferees have already been appointed. p. 13293

7. PERSONNEL. H. R. 6374, to clarify the application of the Government Employees Training Act with respect to payment of expenses of attendance of Government employees at certain meetings, was made the unfinished business. p. 13361

8. WATERSHEDS. The Public Works Committee approved the following watershed projects: Hurricane Creek, Ala.; Town Creek, Ala.; Marbury Creek, Ga.; Middle Fork Broad River, Ga.; Upper Blue River, Okla.; and Thicketty Creek, S. C. p. D615

9, NOMINATIONS. Confirmed the nomination of Anthony J. Celebrezze to be Secretary of HEW. p. 13277

The Banking and Currency Committee reported the nomination of H. Gardiner Ackley to be a member of the Council of Economic Advisers. p. 13277

10. FLOOD CONTROL. The Banking and Currency Committee reported with amendment S. 3066, to authorize a study of methods of helping to provide financial assistance to victims of flood disasters (S. Rept. 1747). p. 13278

11. ELECTRIFICATION. The Interior and Insular Affairs Committee reported with amendment S. 3153, to guarantee electric consumers in the Pacific Northeast first call on electric energy generated in Federal plants in that region and to guarantee electtic consumers in other regions reciprocal priority (S. Rept. 1748). p. 13278

12. TAXATION. Sen. Byrd, Va., inserted an announcement of the Finance Committee of action taken by the Committee on H. R. 10650, the proposed Revenue Act of 1962. With respect to tax treatment of cooperatives and patrons the announcement contains the following statement: "The committee tentatively agreed to require that in order for a cooperative to receive a deduction for qualified script, at least 20 percent of the value of the patronage dividend (including qualified script) must be paid in cash. The staffs were instructed to review the consent

provisions of the bill and report to the committee whether additional amendments should be made". pp. 13290-1

13. ADJOURNED until Mon., July 23. p. 13365

HOUSE

14. AGRICULTURAL APPROPRIATION BILL, 1963. The Appropriations Committee reported this bill, H. R. 12648 (H. Rept. 2024) (p. 13434). Attached to this Digest is a copy of the Committee report, at the end of which is included a summary table reflecting committee action on the bill.

15. SECOND SUPPLEMENTAL APPROPRIATIONS. Received the conference report on H. R. 11038, the second supplemental appropriation bill for 1962 (H. Rept. 2025) (pp. 13409-10, 13434). The report provides $2,750,000 for the screwworm eradication program for the Agricultural Research Service. Direct Loan Account, Farmers Home Administration reported in disagreement. The report includes the following paragraph:

"The conferees hope that since the bill was passed by both bodies the fiscal year has ended and some items are no longer necessary. The managers on the part of the House will propose a concurrent resolution to change the engrossed House bill to eliminate those items which are now found unnecessary due to the lapse of time."

16. DEFENSE APPROPRIATIONS. Conferees were appointed on H. R. 11289, the Department of Defense appropriation bill. Senate conferees have already been appointed. p. 13367

17. STATE DEPARTMENT APPROPRIATIONS. By a vote of 266 to 114, passed with amendment H. R. 12580, making appropriations for the Departments of State, Justice, and Commerce, the judiciary, and related agencies for 1963. pp. 13375-409

18. FOREIGN AID. Received the conference report on S. 2996, the proposed Foreign Assistance Act of 1962 (H. Rept. 2008). pp. 13368-74, 13434

19. WHEAT. Received from this Department a proposed bill to extend the International Wheat Agreement Act of 1949; to Banking and Currency Committee. p. 13433

20. FARM PROGRAM. Rep. Stratton discussed his amendment to the farm bill with regard to compensatory payments on milk-marketing orders which was rejected on a point of order during debate on the farm bill, and criticized the ruling of the chair. p. 13412

21. ELECTRIFICATION. Representatives Michel, Collier, and Slack criticized REA loan policies. pp. 13422-7

22. FARM LABOR. Rep. Cooley inserted a letter from several members of the Agriculture Committee to Secretary Goldberg criticizing a recent ruling by the Labor Department with regard to a limitation on the employment of Mexican farm contract workers, pp. 13432

23. LEGISLATIVE PROGRAM. Rep. Albert announced the following legislative program: Mon., the conference report on H. R. 11038, the second supplemental appropriation bill; Tues., H. R. 12648, Department of Agriculture appropriations, and the conference report on S. 2996, the proposed Foreign Assistance Act of 1962. pp. 13410-1

24. ADJOURNED Until Mon., July 23. p. 13433

ITEMS IN APPENDIX

25. FARM PROGRAM. Speech of Rep. Udall during debate in the House commending Secretary Freeman and explaining why he voted against the proposed Food and Agriculture Act of 1962, pp. A5580-1

26. FOREIGN AID. Extension of remarks of Rep. Ashbrook decrying the ungratefulness with which foreign countries receive American aid. p. A5581
Extension of remarks of Rep. Keith inserting an editorial criticizing the foreign aid program. pp. A5588

27. FOREIGN TRADE. Extension of remarks of Sen. Mundt inserting an article which analyzes the effect of the Common Market on American agricultural exports. p. A5587
Extension of remarks of Sen. Hartke inserting an article which discusses the Soviet fear of the Common Market. pp. A5593-5

28. LAND-GRANT COLLEGES. Extension of remarks of Rep. Olsen inserting an article commending the achievements of the Creston Agriculture Experiment Station, Montana. pp. A5592-3.

29. PERSONNEL. Extension of remarks of Rep. Multer inserting his statement supporting Federal employee salary increases. pp. A5620-1

30. DAIRY PRODUCTS. Extension of remarks of Rep. Quie inserting an article criticizing USDA control program for dairy products. pp. A5623-4

BILLS INTRODUCED

31. IMPORTS. H. R. 12635 by Rep. Thompson, N.J., to amend section 311 of the Tariff Act of 1930 to permit the manufacture in bonded manufacturing warehouses of cigars made of tobacco imported from more than one foreign country; to Ways and Means Committee.
H. J. Res. 827 by Rep. Waggonner, requesting the President to enter into negotiations with Canada with respect to imports of softwood and authorizing the establishment of temporary import quotas for softwood; to Ways and Means Com.

32. TOBACCO. H. R. 12640, by Rep. Henderson, to amend the provisions of the Agricultural Adjustment Act of 1938 relating to tobacco to permit increased allotments to compensate producers of flue-cured tobacco for production losses sustained through natural disasters; to Agriculture Committee. Remarks of author p.A5623

33. RESERVOIRS. H. R. 12642 by Rep. Cooley, to authorize the Secretary of Agriculture to install a system of small and intermediate-size reservoirs in the Cape Fear River Basin, N. C.; to Agriculture Committee.

34. SURPLUS PROPERTY. H. R. 12643 by Rep. Curtis, Mo., to amend section 203(k) of the Federal Property and Administrative Services Act of 1949 to permit the transfer of surplus property for certain uses by educational institutions; to Government Operations Committee. Remarks of author p. 13427

35. VETERANS' BENEFITS. H. R. 12645, by Rep. Osmers, to amend title 38, United States Code, to provide vocational rehabilitation, education, and training, and loan guarantee benefits to persons who served in the Armed Forces on or after January 1, 1962, in combat zones; to Veterans' Affairs Committee.

87TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 2008

FOREIGN ASSISTANCE ACT OF 1962

July 20, 1962.—Ordered to be printed

Mr. MORGAN, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany S. 2996]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "Foreign Assistance Act of 1962".

PART I—ACT FOR INTERNATIONAL DEVELOPMENT OF 1961

CHAPTER 1—SHORT TITLE AND POLICY

SEC. 101. (a) The fifth paragraph of section 102 of the Foreign Assistance Act of 1961, as amended, containing a statement of policy, is amended by inserting in the fifth paragraph, immediately after "religion.", the following: "The Congress further declares that any distinction made by foreign nations between American citizens because of race, color, or religion in the granting of, or the exercise of, personal or other rights available to American citizens is repugnant to our principles."

(b) Such section is further amended by inserting after the seventh paragraph the following:

"It is the sense of Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources

85006—62——1

to military or propaganda efforts, supported by the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this Act."

"The Congress further declares that in the administration of programs of assistance under this Act, the highest practicable emphasis should be given to: programs providing for loans or loan guarantees for use by institutions and organizations in making repayable low-interest rate loans to individuals in friendly foreign countries for the purchase of small farms, the purchase of homes, the establishment, equipment and strengthening of small independent business concerns, purchase of tools or equipment needed by individuals for carrying on an occupation or a trade, or financing the opportunity for individuals to obtain practical education in vocational and occupational skills, and to those programs of technical assistance and development which will assist in carrying out and in preparing a favorable environment for such programs. While recognizing that special requirements, differing development needs and political conditions in various assisted countries will affect the priority of such programs and of each country's relative ability to implement them, it is further the sense of Congress that each such assisted country should be encouraged to give adequate recognition to such needs of the people in the preparation of national development programs."

(c) Such section is further amended by inserting at the end of the last paragraph the following new sentence: "It is the sense of Congress that, where feasible, the United States Government invite friendly nations to join in missions to consult with countries which are recipients of assistance under this part on the possibilities for joint action to assure the effective development of plans for the economic development of such recipient countries and the effective use of assistance provided them; and that the President may request the assistance of international financial institutions in bringing about the establishment of such missions."

Chapter 2—Development Assistance

TITLE I—DEVELOPMENT LOAN FUND

Sec. 102. Section 201 of the Foreign Assistance Act of 1961, as amended, which relates to general authority with respect to development loans, is amended by adding at the end thereof the following:

"(e) In carrying out this title, the President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of $100,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans."

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

Sec. 103. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

(a) In section 211, which relates to general authority, add a new subsection (c) as follows:

"(c) Not to exceed $1,000,000 of the funds made available for the purposes of this section in any fiscal year may be used for programs designed to promote the peaceful uses of atomic energy outside the United States and such programs may be carried out only in accordance with the requirements of this section."

(b) In section 212, which relates to authorization, strike out "1962" and "$380,000,000" and substitute "1963" and "$300,000,000", respectively.

(c) Strike out section 213, which relates to atoms for peace.

TITLE III—INVESTMENT GUARANTIES

SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221(b) which relates to general authority, as follows:

(1) In paragraph (1) strike out "$1,000,000,000" in the proviso and substitute "$1,300,000,000".

(2) In paragraph (2) strike out the words preceding the first proviso and insert in lieu thereof the following: "where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of any loan investment for housing projects with appropriate participation by the private investor in the loan risk and in accordance with the foreign and financial policies of the United States, or assuring against loss of not to exceed 75 per centum of any other investment due to such risks as the President may determine, upon such terms and conditions as the President may determine".

(3) In paragraph (2) strike out "$90,000,000" in the third proviso and substitute "$180,000,000", and after the word "guaranty" insert the following: "in the case of a loan shall exceed $25,000,000 and no other such guaranty".

(b) Amend section 222, which relates to general provisions, as follows:

(1) In subsection (d) insert ", and out of funds made available pursuant to this title" before the period.

(2) Add the following new subsection (f):

"(f) There is hereby authorized to be appropriated to the President such amounts, to remain available until expended, as may be necessary from time to time to carry out the purposes of this title."

(c) Amend section 224, which relates to housing projects in Latin American countries, as follows:

(1) In subsection (b) strike out "$10,000,000" in the second sentence and substitute "$60,000,000".

(2) In subsection (c) strike out "and (e)" and substitute "(e), and (f)".

TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

SEC. 105. Section 232 of the Foreign Assistance Act of 1961, as amended, which relates to surveys of investment opportunities, is amended by striking out "1962" and "$5,000,000" and substituting "1963" and "$2,000,000", respectively.

ALLIANCE FOR PROGRESS

SEC. 106. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development assistance, is amended by adding at the end a new title VI, as follows:

"TITLE VI—ALLIANCE FOR PROGRESS

"SEC. 251. GENERAL AUTHORITY.—(a) It is the sense of the Congress that the historic, economic, political, and geographic relationships among the American peoples and Republics are unique and of special significance and that the Alliance for Progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relationships among them. It is further the sense of Congress that vigorous measures by the countries and areas of Latin America to mobilize their own resources for economic development and to adopt reform measures to spread the benefits of economic progress among the people are essential to the success of the Alliance for Progress and to continued significant United States assistance thereunder. The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

"(b) Assistance furnished under this title shall be directed toward the development of human as well as economic resources. In furnishing assistance under this title, the President shall take into account (1) the principles of the Act of Bogotá and the Charter of Punta del Este, and in particular the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives; and (4) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved. In making loans under this title from funds which are required to be used for loans payable as to principal and interest in United States dollars, the President shall take into account, in addition to the considerations named in the preceding sentence, whether financing could be obtained in whole or in part from other free world sources on reasonable terms and the efforts made by recipient nations to repatriate capital invested in other countries by their own citizens. The provisions of sections 201(d), 202(b), 202(c), and 204 shall be applicable to such loans, and they shall be made only upon a finding of reasonable prospects of repayment.

"(c) The authority of section 614(a) may not be used to waive the requirements of this title with respect to funds made available for this title which are required to be used for loans payable as to principal and interest in United States dollars, and the authority of section 610 may be used to transfer such funds only to funds made available for title I of chapter 2 of part I.

"(d) In order to carry out the policies of this Act and the purpose of this title, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to insuring a wider and more equitable distribution of the ownership of land.

"(e) The President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of $100,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economical and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans.

"(f) In furnishing assistance under this title, consistently with and for the purposes of section 601(b)(4) of this Act, the Agency for International Development or any other departments and agencies designated by the President shall provide such assistance as may be determined by the President to be necessary from time to time in order to make effective the efforts of the Commerce Committee for the Alliance for Progress, established under the Department of Commerce.

"SEC. 252. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, for use beginning in each of the fiscal years 1963 through 1966, not to exceed $600,000,000 for each such fiscal year which sums are authorized to remain available until expended and which, except for not to exceed $100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1963, shall be available only for loans payable as to principal and interest in United States dollars. In presenting requests to the Congress for authorizations for appropriations for fiscal years 1964 through 1966 to carry out other programs under this Act, the President shall also present the program proposed to be carried out from funds appropriated pursuant to the authorization contained in this section for the respective fiscal year.

"SEC. 253. FISCAL PROVISIONS.—All receipts in United States dollars from loans made under this title and from loans made for the benefit of countries and areas of Latin America under title I of chapter 2 of part I of this Act, notwithstanding section 203, shall be available for use for loans payable as to principal and interest in United States dollars in furtherance of the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended."

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 107. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out "1962" and "$153,500,000" and substituting "1963" and "$148,900,000", respectively.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 108. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out "1962" and "$465,000,000" and substituting "1963" and "$415,000,000", respectively.

Chapter 5—Contingency Fund

Sec. 109. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended as follows:

(a) Amend subsection (a) by striking out "1962" and substituting "1963".

(b) Amend subsection (b) by striking out "keep" and substituting "provide quarterly reports to" and by striking out "currently informed of the use" and substituting "on the programing and the obligation".

Chapter 6—Assistance to Agrarian Economies

Sec. 110. Section 461 of the Foreign Assistance Act of 1961, as amended, which relates to assistance to countries having agrarian economies, is amended by adding at the end thereof the following: "In such country emphasis shall be placed also upon programs of community development which will promote stable and responsible governmental institutions at the local level."

PART II—INTERNATIONAL PEACE AND SECURITY ACT OF 1961

Chapter 1—Military Assistance

Sec. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

(a) In section 506, which relates to conditions of eligibility, add the following new subsections:

"(c) The President shall regularly reduce and, with such deliberate speed as orderly procedure and other relevant considerations, including prior commitments, will permit, shall terminate all further grants of military equipment and supplies to any country having sufficient wealth to enable it, in the judgment of the President, to maintain and equip its own military forces at adequate strength, without undue burden to its economy.

"(d) Any country which hereafter uses defense articles or defense services furnished such country under this Act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance Act, in substantial violation of the provisions of this chapter or any agreements entered into pursuant to any of such Acts shall be immediately ineligible for further assistance."

(b) In section 507(a), which relates to sales, insert "not less than" before "the value" in the first sentence.

(c) In section 507(b), add a new sentence to read as follows: "No sales of unclassified defense articles shall be made to the government of any economically developed nation under the provisions of this subsection unless such articles are not generally available for purchase by such nations from commercial sources in the United States: Provided, however, That the Secretary of Defense may waive the provisions of this sentence when he determines that the waiver of such provisions is in the national interest."

(d) In section 510(a), which relates to special authority, strike out "1962" in the first and second sentences and substitute "1963".

PART III

Chapter 1—General Provisions

Sec. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) In section 610, which relates to transfers between accounts, designate the present language as subsection (a) and add the following new subsection:

"(b) The authority contained in this section and in sections 451, 510, and 614 shall not be used to augment appropriations made available pursuant to sections 636(g)(1) and 637 or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses."

(b) In section 611(a), which relates to completion of plans and cost estimates, strike out "and II" and substitute ", II, and VI".

(c) Strike out section 618, which relates to economic assistance to Latin America, and substitute a new section 618 as follows:

"Sec. 618. Use of Settlement Receipts.—United States dollars directly paid to the United States under the Agreement Between the United States of America and Japan Regarding the Settlement of Postwar Economic Assistance to Japan may be appropriated or otherwise made available to the President in any appropriation Act, within the limitations of part I of this Act, to carry out the provisions of that part."

(d) Amend section 620, which relates to restrictions on assistance to certain countries, as follows:

(1) Amend the first sentence of subsection (a) to read as follows: "No assistance shall be furnished under this Act to the present government of Cuba; nor shall any such assistance be furnished to any country which furnishes assistance to the present government of Cuba unless the President determines that such assistance is in the national interest of the United States."

(2) Amend subsection (c) to read as follows:

"(c) No assistance shall be provided under this Act to the government of any country which is indebted to any United States citizen or person for goods or services furnished or ordered where (i) such citizen or person has exhausted available legal remedies, which shall include arbitration, or (ii) the debt is not denied or contested by such government, or (iii) such indebtedness arises under an unconditional guaranty of payment given by such government, or any predecessor government, directly or indirectly, through any controlled entity: Provided, That the President does not find such action contrary to the national security."

(3) Add the following new subsections:

"(e) The President shall suspend assistance to the government of any country to which assistance is provided under this Act when the government of such country or any governmental agency or subdivision within such country on or after January 1, 1962—

"(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

"(2) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency or government subdivision fails within a reasonable time (not more than six months after such action or after the date of enactment of this subsection, whichever is later) to take appropriate steps, which may include arbitration, to discharge its obligations under international law toward such citizen or entity, including equitable and speedy compensation for such property in convertible foreign exchange, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be, and such suspension shall continue until he is satisfied that appropriate steps are being taken and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

"(f) No assistance shall be furnished under this Act, as amended, (except section 214(b)) to any Communist country. This restriction may not be waived pursuant to any authority contained in this Act unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international communism. For the purposes of this subsection, the phrase 'Communist country' shall include specifically, but not be limited to, the following countries:

"Peoples Republic of Albania,
"Peoples Republic of Bulgaria,
"Peoples Republic of China,
"Czechoslovak Socialist Republic,
"German Democratic Republic (East Germany),
"Estonia,
"Hungarian Peoples Republic,
"Latvia,
"Lithuania,
"North Korean Peoples Republic,
"North Vietnam,
"Outer Mongolia-Mongolian Peoples Republic,
"Polish Peoples Republic,
"Rumanian Peoples Republic,
"Tibet,
"Federal Peoples Republic of Yugoslavia,
"Cuba, and
"Union of Soviet Socialist Republics.

"(g) Notwithstanding any other provision of law, no monetary assistance shall be made available under this Act to any government or political subdivision or agency of such government which will be used to compensate owners for expropriated or nationalized property and, upon finding by the President that such assistance has been used by any government for such purpose, no further assistance under this Act shall be furnished to such government until appropriate reimbursement is made to the United States for sums so diverted.

"(h) The President shall adopt regulations and establish procedures to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries."

Chapter 2—Administrative Provisions

Sec. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

(a) In section 621, which relates to exercise of functions, delete "(a)" and strike out subsections (b), (c), (d), and (e).

(b) Amend section 624, which relates to statutory officers, by striking out subsection (d) and redesignating subsection (e) as subsection "(d)", inserting in paragraph 2(A) of redesignated subsection (d) ", and programs being conducted by United States Government agencies under Public Law 86–735," after "Peace Corps", and inserting in paragraphs (5) and (7) of redesignated subsection (d) ", and Public Law 86–735" after "part II of this Act".

(c) Amend section 625, which relates to employment of personnel, as follows:

(1) In subsection (b) strike out "seventy-six" in the first sentence and substitute "one hundred and ten".

(2) In subsection (d) add the following proviso before the period at the end of paragraph (2): ": Provided further, That, whenever the President determines it to be important for the purposes of this Act, the President may initially assign personnel under this paragraph for duty within the United States for a period not to exceed two years for the purpose of preparation for assignment outside the United States; however, the authority contained in this proviso may not be exercised with respect to more than thirty persons in the aggregate."

(3) Amend subsection (f) to read as follows:

"(f) Funds provided for in agreements with foreign countries for the furnishing of services under this Act with respect to specific projects shall be deemed to be obligated for the services of personnel employed by agencies of the United States Government (other than the agencies primarily responsible for administering part I or part II of this Act) as well as personnel not employed by the United States Government."

(d) In section 629(b), which relates to status of personnel detailed, strike out "624(e)" in the first sentence and substitute "624(d)".

(e) In section 634(a), which relates to reports and information, insert the following before the period at the end of the second sentence: "and on progress under the freedom of navigation and nondiscrimination declaration contained in section 102".

(f) (1) In section 634(d), which relates to reports and information, strike out "In January of each year" and "preceding twelve months" in the first sentence and substitute "At the end of each fiscal year" and "fiscal year", respectively.

(2) After the first sentence of such section 634(d) insert the following: "There shall also be included in the presentation material submitted to the Congress during its consideration of amendments to this Act, or of any Act appropriating funds pursuant to authorizations contained in this Act, a comparison of the current fiscal year programs and activities with those presented to the Congress in the previous year and an explanation of any substantial changes."

(g) In section 635(h), which relates to general authorities, strike out "and V" and substitute ", V, and VI" and strike out "made".

(h) Amend section 637, which relates to administrative expenses, as follows:

(1) In subsection (a) strike out "1962" and "$50,000,000" and substitute "1963" and "$53,000,000", respectively.

(2) In subsection (b) strike out "to the Secretary of State".

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 303. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended as follows:

(a) Section 643, which relates to saving provisions, is amended by striking out subsection (d).

(b) Section 644(m), which relates to definitions, is amended by striking out "as grant assistance" in subparagraphs (2) and (3).

(c) Section 645, which relates to unexpended balances is amended by inserting "this Act or" after "pursuant to".

PART IV—AMENDMENTS TO OTHER LAWS

SEC. 401. Part IV of the Foreign Assistance Act of 1961, as amended, is repealed, which repeal shall not be deemed to affect amendments contained in such part.

SEC. 402. Section 2 of the Act of August 1, 1956 (70 Stat. 890), as amended, is further amended by adding after paragraph (a) the following new paragraph:

"(b) for the purpose of promoting and maintaining friendly relations with foreign countries through the prompt settlement of certain claims, settle and pay any meritorious claim against the United States which is presented by a government of a foreign country for damage to or loss of real or personal property of, or personal injury to or death of, any national of such foreign country: Provided, That such claim is not cognizable under any other statute or international agreement of the United States and can be settled for not more than $15,000 or the foreign currency equivalent thereof."

SEC. 403. Section 102(a)(3) of the Mutual Educational and Cultural Exchange Act of 1961 (Public Law 87–256, approved September 21, 1961) is hereby amended by inserting the word "abroad" after the word "expositions". The amendment made by this section shall not be applicable with respect to any fair or exposition within the United States for which an appropriation has been provided.

SEC. 404. The first section of the Act authorizing participation in the Interparliamentary Union (22 U.S.C. 276) is amended to read as follows:

"An appropriation of $48,000 annually is authorized, $21,000 of which shall be for the annual contributions of the United States toward the maintenance of the Bureau of the Interparliamentary Union for the promotion of international arbitration; and $27,000, or so much thereof as may be necessary, to assist in meeting the expenses of the American group of the Interparliamentary Union for each fiscal year for which an appropriation is made, such appropriation to be disbursed on vouchers to be approved by the President and the executive secretary of the American group."

And the House agree to the same.

THOMAS E. MORGAN,
CLEMENT J. ZABLOCKI,
WAYNE L. HAYS,
ROBERT B. CHIPERFIELD,
WALTER H. JUDD,
Managers on the Part of the House.

J. W. FULBRIGHT,
JOHN SPARKMAN,
H. H. HUMPHREY,
MIKE MANSFIELD,
B. B. HICKENLOOPER,
GEORGE AIKEN,
HOMER E. CAPEHART,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference of the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the Senate bill and the House amendment. Except for clarifying, clerical, and necessary conforming changes, the differences are noted below:

INTRODUCTION

The House amendment to the bill (S. 2996) contained an authorization of $1,815,400,000 for fiscal year 1963, plus $600 million for each of fiscal years 1964, 1965, and 1966 for the Alliance for Progress.

The Senate bill provided an authorization for an appropriation of $1,908,900,000 for fiscal year 1963, plus $800 million for each of fiscal years 1964, 1965, and 1966 for the Alliance for Progress.

The committee of conference adjusted the differences in amounts as shown in the following table and agreed on a total authorization for fiscal year 1963 of $1,818,900,000 plus $600 million for each of fiscal years 1964, 1965, and 1966 for the Alliance for Progress.

Foreign assistance funds, fiscal year 1963

Activity	Senate bill	House amendment	Conference agreement	Adjustment against Senate bill	Adjustment against House amendment
Development grants, sec. 212	$300,000,000	$300,000,000	$300,000,000	----------	----------
Reserve for investment guaranties, sec. 222(f)	100,000,000	[1]	[3]	[3]—$100,000,000	[3]
Investment surveys, sec. 232	5,000,000	1,500,000	2,000,000	−3,000,000	+$500,000
Alliance for Progress, sec. 252:					
For fiscal year 1963	600,000,000	600,000,000	600,000,000	----------	----------
For fiscal year 1964–66	2,400,000,000	1,800,000,000	1,800,000,000	−600,000,000	----------
International organizations, sec. 302	148,900,000	148,900,000	148,900,000	----------	----------
Supporting assistance, sec. 402	400,000,000	440,000,000	415,000,000	+15,000,000	−25,000,000
Contingency fund, sec. 451(a)	300,000,000	275,000,000	300,000,000	----------	+25,000,000
Administrative expenses, sec. 637(a)	55,000,000	50,000,000	53,000,000	−2,000,000	+3,000,000
Total	4,308,900,000	[2] 3,615,400,000	3,618,900,000	−690,000,000	+3,500,000
Total for fiscal year 1963 only (excludes Alliance for Progress for fiscal year 1964–66)	1,908,900,000	[2] 1,815,400,000	1,818,900,000	−90,000,000	+3,500,000

[1] The Committee on Foreign Affairs reported $100,000,000. This was amended on the floor to provide continuing authorization with no amount specified.

[2] Totals do not include sums authorized for reserve for investment guaranties. Senate provided $100,000,000; House authorized such amounts as may be necessary.

[3] The committee of conference accepted the text of the House amendment that provides a continuing authorization with no amount specified.

DISCRIMINATION BASED ON RACE, COLOR, OR RELIGION (SEC. 101(a))

Section 101(a) of the House amendment contained an addition to the fifth paragraph of the statement of policy in section 102 of the act which declared that any attempt by foreign nations to make distinctions between American citizens because of race, color, or religion in the granting of personal or commercial access or in the exercise of any other rights available to American citizens, or the use by any such nation of U.S. assistance to carry out any program or activity in the course of which discrimination was practiced against any U.S. citizen by reason of his race, color, or religion, was repugnant to our principles. It also provided that these principles should be applied in all negotiations with any foreign nation with respect to any funds appropriated under authority of the act and that the Secretary of State should report annually on the measures taken to apply these principles.

The Senate bill contained no corresponding provision.

The managers on the part of the House accepted a revision of the provision of the House amendment which constitutes a clear and strong declaration of the attitude of the United States toward distinctions made by foreign nations between American citizens because of race, color, or religion in the granting of or the exercise of rights to which all American citizens are entitled.

The change in the language agreed to should not be interpreted as an indication that the Congress is reconciled to the present state of affairs or that it is opposed to the administration of U.S. assistance programs in such a way as to discourage the violation of the rights of all American citizens. Strong and continuous action must be taken to end the present discriminations practiced by certain countries against Americans with respect to personal and commercial access, and the availability of U.S. assistance must be influenced by the attitudes and policies of its recipients.

Section 302(e) of the bill requires an annual report from the President on progress in the elimination of such discriminations.

INTERNATIONAL DEVELOPMENT AND ASSISTANCE MISSIONS (SEC. 101(c))

Section 101(c) of the Senate bill added a new provision at the end of the statement of policy in section 102 of the act which declared that it was the sense of the Congress that, where feasible, the U.S. Government should invite friendly nations to join in missions to consult with countries which were recipients of assistance under part I on the possibilities for joint action to assure the effective development of plans for the economic development of such recipient countries and the effective use of assistance provided them, and that the President might request the assistance of the International Bank for Reconstruction and Development (World Bank) in bringing about the establishment of such missions.

The House amendment contained no corresponding provision.

The House receded with an amendment that deleted the specific reference to the International Bank for Reconstruction and Development and substituted therefor the reference to "international financial institutions." This phrase is not intended to be limited solely to banking type institutions. There are a number of institutions that may be equally helpful in assisting in the establishment of the missions

envisioned in the new language. Included among these are the Development Assistance Committee of the Organization for Economic Cooperation and Development, the Inter-American Development Bank and the panel of experts under the auspices of the Organization of American States working in the Latin American area.

RESERVATION OF DEVELOPMENT LOAN AND ALLIANCE FOR PROGRESS FUNDS (SEC. 102 AND SEC. 106)

Sections 102 and 105 of the House amendment prohibited committing or setting aside more than $50,000 in development loan or Alliance for Progress funds for use in any country unless an application for such funds had been received with sufficient assurances to indicate that the funds would be used in a sound manner or the President determined that it was in the national interest to use such funds pursuant to multilateral plans.

The Senate bill contained no comparable provisions.

The committee of conference accepted the provision contained in the House amendment, except that the ceiling limitation on the funds which might be allocated, reserved, earmarked or committed was increased from $50,000 to $100,000.

The managers on the part of the House believe that this increase of the ceiling is not sufficiently large to diminish the effectiveness of this provision.

HOUSING GUARANTIES (SEC. 104(a)(2))

Section 103(a)(2) of the House amendment authorized extended risk guaranties against loss "in whole or in part" of loan investments for housing projects.

Section 103(a)(2) of the Senate bill authorized extended risk guaranties for loan investment for housing projects "with appropriate participation by the private investor in the loan risk."

The managers on the part of the House accepted the Senate language in the belief that the requirement of "appropriate participation by the private investor" provided a desirable safeguard while permitting the loan risk insured in the case of housing projects to approach 100 percent only when necessary.

The managers on the part of the House concurred in the view of the committee of conference that it should be possible in most instances to attract loan investment in housing projects without a 100-percent guaranty, while recognizing that flexibility was necessary to deal with special situations. It is understood that the investor may seek other security for the portion of his investment not guaranteed under the program.

CEILING ON EXTENDED RISK GUARANTIES OF LOAN INVESTMENTS (SEC. 104(a)(3))

Section 103(a)(3) of the Senate bill raised the present $10 million ceiling on the face value of any guaranty on a loan investment which might be covered by extended risk guaranties to $25 million.

The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision. They were persuaded that the limitation of $10 million on

individual guaranties, which is in existing law, has the effect of retarding private investment in less developed countries.

Since the Government guaranties only part of each investment and the private investor takes the risk on the balance, this amendment, raising the ceiling from $10 million to $25 million on individual guaranties, can be expected to promote private development loans that are bigger than the $25 million limit now set on the amount of any Government guaranty.

SURVEYS OF INVESTMENT OPPORTUNITIES (SEC. 105)

Section 104 of the Senate bill authorized an appropriation of $5 million for fiscal year 1963 for investment surveys.

The House amendment authorized an appropriation of $1.5 million for this purpose.

The committee of conference agreed to an authorization of $2 million.

The 1961 act authorized the President to encourage the undertaking by private enterprise of surveys of investment opportunities in less developed friendly countries by agreeing to share up to 50 percent of the cost of these surveys. While the establishment of the program has been slow, inquiries already total more than 100. The first contract was signed recently. Policy guidance for the program has been revised and simplified forms have been developed. The committee of conference recognized that activities in the private sector under the foreign aid program are difficult to establish. The managers on the part of the House believe that the amount authorized will be adequate to move this program forward.

REPATRIATION OF CAPITAL UNDER ALLIANCE FOR PROGRESS (SEC. 106)

Section 105 of the Senate bill required the President, in making loans under the Alliance for Progress, to take into account the efforts made by recipient countries to repatriate capital invested in other countries by their own citizens.

The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate language. In self-help measures this consideration should be given a high priority.

COMMERCE COMMITTEE FOR ALLIANCE FOR PROGRESS (SEC. 106)

Section 105 of the Senate bill provided that in furnishing assistance under the Alliance for Progress title, the Agency for International Development, or any other departments and agencies designated by the President, shall provide such assistance as may be determined by the President to be necessary to make effective the efforts of the Commerce Committee for the Alliance for Progress.

The House version contained no corresponding provision.

The managers on the part of the House accepted the Senate version. Within the Department of Commerce there has been established a Commerce Committee for the Alliance for Progress. Its members include prominent citizens in the business community who are particularly interested in the Latin American area. Their functions are

advisory in character. The committee of conference commends the Department of Commerce for this initiative. The Commerce Committee can be an important catalyst in stimulating greater efforts by private business in contributing to the success of the Alliance for Progress.

ALLIANCE FOR PROGRESS AUTHORIZATION (SEC. 106)

Section 105 of the Senate bill authorized an appropriation of $600 million for fiscal year 1963 and $800 million for each of the fiscal years 1964 through 1966 for the Alliance for Progress.

The House amendment authorized an appropriation of $600 million for each of the fiscal years 1963 through 1966 for the Alliance for Progress.

The committee of conference accepted the House figure of $600 million for each of the fiscal years 1964, 1965, and 1966. This action by the committee of conference does not indicate any lack of approval of or support for the Alliance for Progress. The acceptance of the lower figure reflects the absence of factual justification for the $800 million figure for future years. Consideration will be given to increasing the authorization when there is tangible evidence that progress in the program makes additional funds necessary.

PROHIBITION OF SUPPORT TO UNITED NATIONS

Section 106(b) of the House amendment prohibited the use of funds appropriated pursuant to the International Organizations chapter of the Foreign Assistance Act or pursuant to any other law for loans or grants to the United Nations or to purchase United Nations bonds until all U.N. members had paid in full their share of United Nations expenses. An exception to this limitation was made, permitting U.S. payment of its assessed share of United Nations expenses.

The Senate bill contained no comparable provision.

The committee of conference agreed to the elimination of the House provision. The managers on the part of the House were convinced that this provision was more far reaching in its effects than was apparent at the time of its consideration by the House. Although it would be possible for the United States to continue to pay its regular assessment to meet United Nations expenses, the United States, under the language approved by the House, could not make voluntary contributions to the Children's Fund, the U.N. technical assistance programs, and other U.N. operations which are entirely dependent on voluntary contributions from U.N. members as long as any U.N. member was in arrears in its payments.

Any effectiveness which the House provision might have had in encouraging U.N. members friendly to the United States to meet their arrearages would be more than offset by the incentive which the provision would give to Communist countries to refuse to meet their payments in order to prevent U.S. participation in United Nations activities of which the Communist nations disapprove. The amendment would thus have the effect of enhancing the power and influence of obstructionist Communist countries in the United Nations and correspondingly weakening the influence of the United States.

The five permanent members of the United Nations Security Council have the right to veto a proposed Security Council resolution.

In effect, the provision of the House amendment would give to each of the more than 100 U.N. members a power to veto the conduct of U.S. foreign policy through the United Nations and its agencies.

AUTHORIZATIONS FOR SUPPORTING ASSISTANCE (SEC. 108) AND FOR CONTINGENCY FUND (SEC. 109)

Section 107 of the Senate bill authorized an appropriation of $400 million for supporting assistance and section 108 of the Senate bill authorized an appropriation of $300 million for the contingency fund.

The House amendment authorized an appropriation of $440 million for supporting assistance and an appropriation of $275 million for the contingency fund.

The managers on the part of the House, rather than splitting the difference between the Senate and the House figures in each case, accepted a compromise by which the authorization for supporting assistance was reduced by $25 million (from $440 million in the House amendment to $415 million) and the authorization for the contingency fund contained in the House amendment was increased by $25 million (from $275 million to $300 million).

The managers on the part of the House accepted the argument that this compromise, which does not increase the total authorization approved by the House, by placing in the contingency fund a greater proportion of the total funds authorized, gives greater assurance that such funds will be effectively used if unforeseen developments occur.

PROVISION ON GRANTS OF MILITARY EQUIPMENT AND SUPPLIES (SEC. 201(a))

Section 201(a) of the Senate bill required the President to reduce and terminate with deliberate speed grants of military equipment and supplies to any country having sufficient wealth to enable it in the judgment of the President to maintain its own military forces without undue burden to its economy.

The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision. They concurred in the position taken by the managers on the part of the Senate that a more vigorous effort should be made to encourage those foreign governments which have attained a high level of prosperity to assume larger responsibility for the maintenance and equipment of their own military forces. They do not consider the provision to be inconsistent with the statement of policy contained in section 502 of the act, which urges the expansion of multilateral programs of coordinated procurement, research, production, and development, particularly to further the defense of the North Atlantic area.

CONDITIONS OF ELIGIBILITY (SEC. 201(a))

Section 201(a) of the House amendment provided that any country which hereinafter used defense articles or defense services furnished such country under this act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance act, where such use

was in violation of the provisions of the military assistance chapter or any agreements entered into pursuant to any of such acts, should be immediately ineligible for further assistance.

The Senate bill contained no comparable provision.

The committee of conference accepted the House provision with an amendment which provided that in order for the section to become operative there must be a "substantial" violation of the provisions of the military assistance chapter or applicable agreements. The purpose of this amendment is to make clear that minor instances of diversion or improper uses would not work to make countries ineligible for further military assistance.

PROHIBITION ON INCREASING FUNDS FOR ADMINISTRATIVE EXPENSES (SEC. 301(a))

Section 301(b) of the Senate bill prohibited the use of the President's special authorities to increase funds made available for administrative expenses under the act.

The House amendment contained no comparable provision.

Starting in 1955, there has been a tendency to use the transfer authority to increase administrative funds. In 1959 Congress adopted a prohibition on such transfers. When the act was rewritten last year, this prohibition was omitted at the request of the executive branch, owing to the extensive reorganization that was in process. During the last fiscal year, the transfer and special discretionary authorities of the act (secs. 610 and 614) have been used to transfer $5 million from the contingency fund to the administrative funds.

The committee of conference regards this transfer authority to increase administrative funds as no longer necessary. Therefore, the managers on the part of the House accepted the language of the Senate bill.

At the same time the managers on the part of the House agreed to an authorization of $53 million for administrative expenses, an increase of $3 million over that contained in the House amendment and $2 million less than that in the House bill.

ASSISTANCE TO COUNTRIES ASSISTING CUBA (SEC. 301(d)(1))

Section 301(c) of the House amendment prohibited assistance under the act to any country which assisted the present Government of Cuba unless the President determined that such assistance was in the national and hemispheric interest of the United States.

The Senate bill contained no comparable provision.

The committee of conference accepted the House provision with two clarifying amendments. The first makes clear that the President has discretion when he determines it to be in the national interest to give assistance to countries furnishing assistance to Cuba but that this section does not grant such discretion with respect to giving aid to Cuba.

The phrase "and hemispheric interest" was eliminated because the President might find that assistance to a country outside the Western Hemisphere was in the national interest but would not necessarily affect the hemispheric interest of the United States.

COLLECTION OF PRIVATE DEBTS (SEC. 301(d)(2))

Section 301(e)(1) of the Senate bill amended section 620(c) of the act to prohibit assistance to any country which was indebted to a U.S. citizen for goods or services furnished or ordered where (1) the citizen had exhausted legal remedies including arbitration, or (2) the debt was not denied by the government, or (3) the debt arose under an unconditional guaranty of payment by the government or any predecessor government, provided the President did not find such action contrary to the national security.

The House amendment (sec. 301(d)) amended section 620(c) of the act to prohibit assistance to any country which was indebted to a U.S. citizen for goods or services furnished or ordered where the citizen had exhausted legal remedies and either the government did not deny the debt or the debt arose under an unconditional guaranty of payment by the government or any predecessor government.

The managers on the part of the House accepted the Senate provision with a clarifying amendment. The words "or person" were added to the words "United States citizen" when it occurs in order to make clear that corporations and other business entities were included.

The Senate language included a reference to arbitration not contained in the House amendment which the managers on the part of the House believe will give added protection to the American businessman.

ASSISTANCE TO COUNTRIES WHICH EXPROPRIATE AMERICAN PROPERTY (SEC. 301(d)(3))

Section 301(e)(2) of the Senate bill prohibited assistance under the act to any country which expropriated American property after January 1, 1962, or had imposed discriminatory conditions on such property and had failed within 6 months to take appropriate steps to discharge its obligations under international law to the owner including payment in foreign exchange. No waiver of the provision was permitted.

The House amendment (sec. 301(e)) prohibited assistance under the act to any country which had expropriated American property after January 1, 1962, or had imposed discriminatory conditions which had the effect of expropriating such property and had failed within 6 months to take appropriate steps to discharge its obligations as required by international law. No waiver of the provision was permitted.

The committee of conference agreed to the House language with two minor amendments. The first specifies that the appropriate steps to be taken "may include arbitration". The second qualifies the "obligations" of the expropriating country toward U.S. citizens or entities as obligations "under international law."

ASSISTANCE TO COMMUNIST COUNTRIES (SEC. 301(d)(3))

The Senate bill (sec. 301(e)) prohibited assistance under the act and sales and gifts of commodities under Public Law 480 to countries known to be dominated by communism and Marxism, and denied authority to waive this prohibition. It further stated that this pro-

hibition should not be deemed to prohibit assistance under Public Law 480 if the President made certain enumerated findings.

The House amendment prohibited assistance under the act to Communist countries and provided that the prohibition might not be waived unless the President made certain enumerated findings. It also included a specific listing of Communist countries.

The committee of conference agreed to the House provision with an amendment which permits the continuation of the use of foreign currencies to assist the American Research Hospital for Children in Krakow, Poland, being constructed under the authority of section 214(b) of the Foreign Assistance Act of 1961.

PROHIBITION OF ASSISTANCE TO PAY COMPENSATION FOR EXPROPRIATED PROPERTY (SEC. 301(d)(3))

Section 301(e) of the House amendment prohibited use of monetary assistance under the act to compensate owners for expropriated or nationalized property, and, on a finding that such funds had been diverted for this purpose, prohibited assistance to the country until reimbursement was made to the United States.

The Senate bill contained no corresponding provision.

The committee of conference agreed to the House provision with a clarifying amendment which substituted "the President" for "the Administrator," which made reference to "such assistance" rather than "such funds", and substituted the word "used", for the word "diverted".

EXCEPTED POSITIONS (SEC. 302(c)(1))

Section 302(c)(1) of the Senate bill increased to 125 the number of persons employed to administer part I or coordinate part I and part II of the act, who might be appointed or removed without regard to any law.

The House amendment increased the number of such persons to 100.

The managers on the part of the House accepted a compromise figure of 110, an increase of 10 above the number authorized by the House amendment and a decrease of 15 below the number authorized by the Senate bill.

REPORTS ON DEPARTURES FROM ILLUSTRATIVE PROGRAMS (SEC. 302(f))

Section 302(f) of the House amendment amended section 634(d) of the act in two respects:

(1) it changed the present requirement of that section for a report to Congress in January of each year on assistance furnished during the preceding twelve months which differed substantially from the presentation to Congress to a requirement for such a report at the end of each fiscal year covering that fiscal year; and

(2) it required that there be included in the annual presentation to the Congress a comparison of current fiscal year programs and activities with those presented in the previous year and an explanation of any changes.

The Senate bill contained no comparable provisions.

The committee of conference accepted the language of the House amendment with one modification. The word "substantial" was

inserted before "changes" to indicate that minor adjustments in particular programs need not be reported. It is the understanding of the committee of conference that program changes in excess of $50,000 are to be included in the scope of the new language.

ADMINISTRATIVE EXPENSE AUTHORIZATION (SEC. 302(h))

Section 302(g)(1) of the Senate bill authorized an appropriation of $55 million for Agency for International Development (AID) expenses for fiscal year 1963.

The House amendment (sec. 302(h)) authorized an appropriation of $50 million for this purpose.

The managers on the part of the House agreed to an authorization of $53 million. The increase over the amount contained in the House amendment must be considered in conjunction with the prohibition upon transfer of funds from other sections of the law into the administrative funds provided in section 301(a) of the bill.

INTERNATIONAL FAIRS IN THE UNITED STATES (SEC. 403)

Section 403 of the Senate bill amended the Mutual Educational and Cultural Exchange Act of 1961 so as to confine the authority of that act for U.S. participation in international fairs to those held abroad.

The House amendment contained no corresponding language.

The managers on the part of the House accepted the Senate language. This makes clear that U.S. participation in fairs is limited to fairs held abroad. This conforms to the long-established practice by which Congress authorizes on an individual basis U.S. participation in major fairs held in this country.

INTERPARLIAMENTARY UNION (SEC. 404)

Section 404 of the Senate bill amended the act authorizing U.S. participation in the Interparliamentary Union to increase from $18,000 to $21,000 the amount of funds available for contributions to the Bureau of the Union and to decrease correspondingly the amount available for expenses of the American group in the Union from $30,000 to $27,000.

The House amendment contained no corresponding provision.

For the past 3 years and for fiscal year 1963, the amount required for contributions to the Bureau of the Interparliamentary Union has been $21,000, not $18,000. The contribution amount is raised by this amendment to the amount actually required to meet the U.S. obligation.

THOMAS E. MORGAN,
CLEMENT J. ZABLOCKI,
WAYNE L. HAYS,
ROBERT B. CHIPERFIELD,
WALTER H. JUDD,
Managers on the Part of the House.

recent years, a debunking process set in which found favorable response in many areas. This included a polite ridicule of our Founding Fathers and a belittling of any oratory that attempted to suggest that we ought to be proud of our heritage. This, I think, is beginning to give way to a reversion to the use of this day as a kind of rare opportunity for self-analysis.

Today, a great number of voices are blending to tell us what is wrong with America. I want to look at the other side of the ledger and say, "What's Right With America." Now, I do not object to anyone saying what's wrong with America as long as they look at both sides of the ledger. I certainly do not want to ignore the things that are wrong with America, but some people, I fear, have so concentrated on what's wrong with America that they have forgotten the things that are right with America. You know, I feel about my country like I feel about my child. I know that my child is not perfect and I don't resent someone telling me about a fault my child may have as long as he recognizes that my child also has some virtues. I feel the same way about my church. I don't mind someone criticizing my church, a little bit; I don't object to being reminded that my church has faults—as long as the reminder remembers that my church also has virtues.

I know America has her faults and weaknesses but she also has her virtues and I, for one, think the virtues far outweigh the faults. What is right with America? For one thing, she is still the same sun-kissed, God-blessed land of unlimited beauty and unbounded physical resources. This is the same land of beauty and abundance that it was in 1776. Oh, we have cut down some of the trees, leveled some of the hills, dammed some of the rivers, and designed the land with ribbons of highways and railroads. But all of this has been for the purpose of making it a better country and to the end of serving her people well. I believe God intended the land should serve the people and that the fruits of the land should be used for their comfort and pleasure. The earth was made for man—not man for the earth.

America is a good place to live. I have traveled over a good part of the world and one of the best and most lasting results of my travels has been to impress upon me the depth of my love for my native land. This doesn't mean that I have anything in particular against any other country. They just don't measure up to America. There are some places where I wouldn't mind lingering for a few weeks or a month maybe, but I wouldn't want to live there. America's the place for me. I like it. I love it. "This is my own, my native land." As a place to live, America may not be perfect. There are areas where it is too cold in the winter and too hot in the summer. Some areas have mosquitoes and others have gnats. But on the whole, I do not know of a better place to live in all the world. Here is one area where I am completely satisfied.

America is not only a good place to live. It is also a good place to work. America is the best place in the world to earn a living. I have a friend who lives in a small town who is fond of saying about his town that it is the finest place in the world to live but the worst place to make a living. He is, of course, being facetious. The worst place in America to make a living, no matter where that may be, is good compared with most places in the world. I was frankly surprised to note in the newspapers that our community of Mountain Brook is 1 of only 10 in America where the household income exceeds $20,000 per year. Do you realize that only 15 percent of the people of the world earn more than $450 per year? The annual average per capita income in the United States in 1960 was more than $2,000, whereas one-third of the world's population has an income of less than $100 per year.

America is also a good place to express one's God-given abilities and use these to achieve greatness. Whenever I hear someone saying that some person has no opportunity for self-expression. I always think of George Washington Carver. Here was a man of real genius. He was born a slave but even that did not prohibit his genius from finding ways of expressing itself. He was recognized the world over as a man of humble greatness. If the America of the turn of the century enabled a Negro slave to develop and express his God-given abilities, no man of today could justifiably complain of restrictions.

One of the most delightful stories I have read in a long time is "The Hunchbacked Genius of Liberty Hall". It is the story of Charles P. Steinmetz. Who has Charles P. Steinmetz? Well, first of all he was an immigrant. In the second place, he was a dwarf—less than 5 feet tall, a frail body capped by an overlarge head. Only by a coincidence had he gained entrance into the United States. He had fled from Germany because of political activities offensive to the government of Bismarck. He came to America as Karl August Rudolf Steinmetz but soon he was Charles Proteus Steinmetz and General Electric was buying an entire company to secure the services of a single man—a hunchbacked genius who had found in America an atmosphere and an opportunity to express his genius.

What's right with America? I think her Government is right. Now I do not like some of the things our Government does. I realize our Government has some imperfections—that there is room for improvement in a good many places. I didn't like the Supreme Court's decision last week regarding prayer in the schoolroom. I dislike the Court's tendency to rule in favor of a small minority against the wishes of the vast majority. I'm concerned at what appears to be a "bent" of the Court to rule against traditional recognition of the importance of religion in every facet of life, including our schools. I think Congress and the President, as well as the Court, make some blundering mistakes, but with all this I still think our Government is the best in the world. It is built on a solid basis that will stand the test of all time. If one rejects our system of government, he must accept some alternative. What would it be? A monarchy? I seem to recall that we left England to get away from that. A dictatorship. The people of America have known freedom too long ever to submit to that form of government. Would you have some new experiment in government? Not I. No, democracy—"government of the people, by the people, and for the people"—is the government that I pray will never perish from the face of the earth.

Now I do not say that God blesses our country and our Government in any exclusive sense. But I do believe God will bless us and our Government as long as we continue to acknowledge Him as did our Founding Fathers. This is a good time to look at the Declaration of Independence and remember how firmly its framers were relying on the Almighty. The last paragraph breathes the spirit of the whole. There an appeal is made to the Supreme Judge of the world and closed with their pledge of firm reliance on the protection of Divine Providence. Ninety years after the Founding Fathers placed the whole of their future under the providence of God another great American leader prayed that "this Nation, under God, should have a new birth of freedom." Now, another 90 years have passed and we need to reaffirm that this Nation wishes to remain under the protection of Divine Providence. Instead of saying you cannot say prayers in a schoolroom, we need to be saying to all the world that we believe every American ought to call upon God in every area and occasion of life to give thanks to God for His providence.

We are a Nation blessed by a provident God. The basic strength of this Nation depends upon this system of government, under God. Humble and penitent people will show their praise to Him who has been our guide and stay. He who has been our help in ages past must be our hope for years to come.

The late Cordell Hull, one of the truly great statesmen of this century, said a thing that is worth remembering: "The Government of the United States is never far ahead of the American public; nor is it very far behind." Isn't this a way of saying that people have the kind of Government they want—the kind of Government they are willing to pay for—in vigilance, dedication, and service.

In 1958, Gene Burdick and Bill Lederer collaborated to write "The Ugly American." This is a book about Americans in southeast Asia. It is largely concerned with ambassadors and consuls and other American officials in the land of southeast Asia. Some of these officials are bought cheap, according to Burdick and Lederer, with champagne and caviar. Here is an Ambassador who refuses to learn the language or the personality of the country to which he is assigned. But, there is a Catholic priest who wages a lonely victorious battle against communism on its own ground. And here is the Ugly American—an engineer who works productive miracles with lengths of bamboo and an old bicycle.

This is the concluding thought of these authors: "All over Asia we have found that the basic American ethic is revered, honored, and imitated when possible. We must show, by example, that America is still the America of freedom and hope, knowledge and law. If we succeed, we cannot lose the struggle."

What's right with America? Her economics are right. Her government is right. Her religion is right. America is the great stronghold of the Christian faith. Outside the Jewish faith, there are very few people in America who claim any religious allegiance other than Christian. To be sure, we are far from being as Christian as we ought to be but there is a predominant reverence among us that entitles us to the label—a Christian Nation.

Not long ago I saw an ad in a magazine that displayed what was obviously a Russian church and written across it were the words: "Closed to Worship." Underneath the picture were these words, "Is this church in America? In 1960 we built 4,915 new churches in the United States. The one above is St. Basil's Cathedral in Red Square, Moscow—once one of Russia's greatest churches; now, a museum." That ad is a mute reminder that freedom and the Christian faith are hand in glove partners. If we want a strong democratic Government, we must have a strong Christian faith. When one goes, the other stands precariously weak. Freedom is Christendom's child.

About a month ago, J. Edgar Hoover wrote an article entitled "Guidelines for a Civilization in Peril." I'd like to share with you the concluding statement in that article: "There are spiritual foundations from which free people draw their strength. The guidelines leading to those fountains must be made available to our children if the spiritual ropes which find men's souls in strength and courage and dignity are to hold fast when these same children become men and women."

But, you know, it isn't enough to simply say, "What's right with America"; we must determine that we will pledge to ourselves to see to it that the things that are right remain while we put to flight the things that are wrong.

THE CONFERENCE REPORT ON THE FOREIGN AID BILL

Mr. STENNIS. Mr. President, on yesterday, following the debate in regard to the Lausche-Cotton amendment to the foreign aid bill, I was engaged in making a short speech on strikes in defense plants, and did not participate in the debate on the foreign aid bill conference report.

I support the remarks made by the Senator from Oregon [Mr. MORSE] because I think time is running out, and I believe that without further delay we should pass on this matter. Certainly we should do so soon. So I supported the Lausche proposal to have the conferees further consider this matter; and I believe that should have been adopted.

In particular, I hoped there would be more debate on the merits of this matter, particularly on the question of aid to Communist countries. This matter does not require that experts pass on certain persons in certain places; instead, it is a commonsense proposition, and I believe it should be passed on directly, again, by the Congress. I express that sentiment at this particular time merely in order to keep the record straight.

Mr. President, for that reason, today I shall vote against adoption of the conference report. I wish there could have been at least 1 more day's debate on it.

Mr. PROXMIRE. Mr. President, in a few minutes the Senate will take final action on the conference report on the foreign aid bill. With great reluctance, I shall vote against adoption of the conference report, although I have always voted for foreign aid bills, and I intend to do so in the future.

I shall vote against adoption of this conference report because of my very vigorous and vehement protest against the action taken by the Senate conferees in giving up the victory which had been won in the Senate on suspending aid to Yugoslavia for 1 year.

Yesterday it was reported that the President of the United States has suspended aid to Peru, because of a revolt by a military dictatorship which has wiped out democracy there; and in this morning's Washington Post we find a very telling cartoon by Herblock, which shows a member of the Peruvian military junta holding a sword held aloft, and shouting, crying, "Dollars si, democracy, no."

Mr. President, I agree with the President's action in regard to Peru, which admittedly is now a military dictatorship, and think it wise, and think it should be supported, and if it is proper to take action it seems to me that similar action should be applied with far greater strength to Yugoslavia, where there is not only a military dictatorship, but also a Communist dictatorship, and where for years the Government has been doing its best to line up other countries against the United States.

NEWSMAN IVAN KAYE REVIEWS PESTICIDE PROBLEM

Mr. PROXMIRE. Mr. President, on two occasions I have called attention to the alarming situation involving the excessive use of powerful pesticides, described in three recent articles in the New Yorker magazine by the famous author, Rachel Carson. Miss Carson is a distinguished writer on nature; her book, "The Sea Around Us," is well known.

In view of the national concern aroused by her articles, it would be appropriate for the Departments of Agriculture and Interior, as well as other concerned Federal agencies, to prepare a detailed commentary on the specific episodes described by Miss Carson, in which the use of pesticides had unfortunate results, as well as on the broader generalizations and comments which she makes. Accordingly, I am writing to the heads of these two Departments, requesting that they undertake such a report.

On Monday, July 16, the Capital Times, of Madison, Wis., carried an excellent article discussing this situation. Written by the paper's Washington correspondent, Ivan Kaye, it provides a useful summary of this complex problem. I ask unanimous consent that Mr. Kaye's article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A SILENT SPRING—POISONS HURTING BIRDS; WILL MEN BE NEXT?

(By Ivan Kaye)

WASHINGTON.—When the facts of life are explained to the children of the future, the story may have to be told without mention of the birds and the bees.

For the birds, the bees, the fish, the soil, and man himself are being contaminated not only by the well-known fallout from nuclear explosions, but also by the much less publicized residues from indiscriminately used insect and weed poisons.

The destruction of wildlife has been so widespread that it has led the renowned biologist and author Rachel Carson to envision a "Silent Spring"—a time in the American land when nothing will be heard, not even the song of a bird.

It has not come to that everywhere yet, but in communities like Whitefish Bay, Wis., Miss Carson writes, the birds are all but gone, victims of the poisons used in an attempt to eradicate dutch elm disease.

In a series of articles in three recent issues of the New Yorker magazine, Miss Carson presents the strongest indictment yet written of the careless use of pesticides—insect and weed killing poisons.

Her massively documented story has been the subject of continuing discussion here in the Agriculture and Interior Departments, the Food and Drug Administration, and the U.S. Public Health Service.

The problem has been brought into the Hall of Congress by Senator WILLIAM PROXMIRE, Democrat, of Wisconsin, who praised the articles highly, and called for congressional passage of bills that would make it mandatory for a Government department to consult fully with the Public Health Service before embarking upon any program of insect or weed killing.

There is a Federal Pest Control Review Board which is supposed to pass on all insect and weed destruction plans to make sure that they do not get out of hand.

It is one of the points of Miss Carson's indictment, however, that there has been painfully little regard on the part of the Agriculture Department's Pest Control Division for the overall welfare of men and animals who happen to get in the way of their spraying programs, and the Review Board has generally gone along with the programs.

Miss Carson, a Johns Hopkins trained biologist and author of the now classic "The Sea Around Us," points out that there is an enormous, and as yet largely unexplored, danger to humans in the rapidly proceeding contamination of the land and water by chemical pesticides.

It is not just a matter of birds being decimated and their song stilled, painful as that is to nature lovers. It is a matter of man fouling his own nest, and, even more ominously, wreaking genetic damage upon unborn generations, she argues.

Some Agriculture Department officials have been critical of the Carson study, saying that it generalizes too much, and that it tries to make a case for great damage to humans, when little has actually occurred.

To Miss Carson's lament that man is interfering with the balance of nature by using so vast an arsenal of chemical pesticides, one Agriculture Department scientist said that it was man's right to change nature to suit his own needs.

The problem highlighted by the study involves two opposing views of insect and weed control. One, taken by the Agriculture Department's pest control specialists and reinforced by a $250 million a year pesticide industry, advocates the use of more and deadlier poisons.

The other, held by many naturalists and biologists in addition to Miss Carson, abhors the widespread destruction of beneficial animals and insects in the attempt to destroy pests.

This view stresses the fact that the best method of controlling insects is through their natural enemies—other insects and birds, and adds that if poisons must be used, they should be used with care.

It also condemns the contamination of the soil and water which results from the application of the insect and weed killers.

Until the Carson study, there had not been a popular presentation of this side of the argument. But with the New Yorker series, and its expected publication in book form this October under the title "Silent Spring," the naturalists' view is expected to gain a much wider audience.

One of the ironies of the campaign against insects is that the poisons kill the weaker ones, leaving the hardier ones alive to breed resistant offspring. The poisons, however, usually kill many other insects in addition to the ones intended, and sometimes this unleashes new and undreamed-of forces that further upset the balance of nature. Ladybugs, for example, are killed unintentionally, and this results in a proliferation of the plant-destroying aphids which had formerly been held in check by the beneficial ladybug.

To the insects' demonstration of the Darwinian law of survival of the fittest, the Government's answer has been to use ever more powerful poisons. Some 600 new chemicals have been created during the past 15 years to kill insects.

Since it takes men and animals thousands of years to adjust to dangerous chemicals in an environment, many biologists now feel that this rush of new poisons into the human system cannot help but have a bad effect. Man might adjust to them in time, but not to so many chemicals in just one generation.

The two main types of insecticides are the chlorinated hydrocarbons, of which DDT is the best known, and the organic phosphates, of which malathion and parathion are widely used by gardeners.

People who remember how DDT was used during World War II as a delouser cannot understand how it could be harmful to humans. The catch is that it was dusted on in powder form then, and did not work

their education and professional privileges essentially for monctary gain rather than public service.

Another area to which we should give attention is the commercial promotion of narcotic and prescription legend drugs to the public. Articles such as the amphetamines, barbiturates, corticosteroids, narcotics, and others should not be the subject of intensive promotion and agressive merchandising to the public. These articles should not be mere objects of commercial competition. Prescription drug use must be sane, sensible, and supervised—not pushed through public promotion.

Prescribers of prescription medication should not be subjected to pressures designed to stimulate the prescribing or sale of medication in bulk quantities. The quantity of amphetamines, barbiturates, corticosteroids, narcotics and other such drugs in a person's possession must be considered in relation to possible diversion into channels which lack adequate professional controls. Prescription drug use should be professionally determined, carefully controlled, and continuously supervised to discourage increased or excessive use and to prevent delayed recognition of possible adverse drug reactions.

As the sponsor of the Senate bill which established the prescription legend drug category by an amendment to the Federal Food, Drug, and Cosmetic Act in 1951, I have had a continuing and intimate interest in the problems associated with the effective supervision of the distribution of these drugs. The purpose of the Durham-Humphrey amendment to the Food, Drug, and Cosmetic Act was to tighten up the Federal law as it pertains to drugs containing habit-forming or dangerous ingredients and to foster control over these drugs.

You and I are trustees for America. We pharmacists have been given special training; we are accorded, as professionals, special privileges. As citizens, in the broadest sense, it is our task to help write and dispense sound prescriptions for a healthier America and a healthier world. I know that we will succeed in this great task.

COLLEGE GROUPS AID USO

Mr. KEATING. Mr. President, I have recently learned that the United Service Organizations have once again chosen several American college music and drama groups for entertainment tours to our troops overseas.

Since February 1941, USO has been providing many services to our young men and women abroad in the Armed Forces. The greatest service of all—that which is the sum total of all of their innumerable contributions—has been the preservation of high morale in the armed services a very real need in peacetime as well as in war. Groups such as those recently chosen from our colleges and universities have succeeded in extending the boundaries of their home communities to our most remote bases, and have thus helped to preserve the qualities of character which were instilled in these young people before they left their homes in the States. By their continuing concern with the welfare and morale of the man in uniform, USO and all of those who have volunteered their services in response to our finest traditions, have made a vital contribution both to our military security and to the continued leadership of these young men and women in our local, national, and international communities.

I am very happy to learn that groups from Alfred University and from my own alma mater, the University of Rochester, are among those which have been chosen. Each of these participating students will benefit greatly from this experience and will always cherish the opportunities being given them as volunteers in this program.

Mr. President, I ask unanimous consent to have the following release from USO printed in the RECORD:

There being no objection, the release was ordered to be printed in the RECORD, as follows:

TWENTY-NINE AMERICAN COLLEGE DRAMA AND MUSIC GROUPS PICKED TO AUGMENT USO ENTERTAINMENT FOR TROOPS

NEW YORK.—Edwin E. Bond, national executive director of USO, the private nonprofit organization providing morale services to the American Armed Forces, today announced that USO would sponsor tours overseas by collegiate groups from 29 American colleges and universities during the next academic year beginning in September.

Over 400 college students are to travel overseas to Army, Navy and Air Force installations in a year-long schedule presenting opera, dramatic plays, musical comedies, variety shows, choral, and instrumental programs as free entertainment for servicemen and their families. The commands to be visited are located in the Pacific, the Carribbean, the frozen areas in the North Atlantic, Europe, and the Mediterranean, he stated.

College officials, Mr. Bond said, are making provision for the students to avoid loss of classroom time, and none of the students are expected to be away from their campus for more than 8 weeks. These are in groups scheduled to tour in either the Pacific or the European commands. Generally, the tours in the other areas will be of 4 or 5 weeks duration.

Where and when appropriate, the college companies will give additional performances for foreign nationals under sponsorship of the U.S. Department of State under the cultural exchange program, USO indicated. It was explained that in the past such additional performances for State have been over and above the commitments to the military, and the State Department reimbursed USO for the extra costs involved. Frequently, on request of school authorities, an additional week is granted to the students to make stopovers on their own expense, to gain a maximum educational value during their foreign travel.

The college groups to go overseas are representative of every geographical section of the United States by drawing from men's and women's schools, coeducational institutions, State, private, and sectarian colleges. The program of college productions augments the vast network of paid professional USO shows, which carry the bulk of live entertainment for isolated and remote troop stations, the USO officer declared. Last year USO entertainers traveled more than 1 million miles overseas to bring shows to the Armed Forces.

Officials for USO shows said that selection of the performing groups were made by two committees representing dramatic and music departments of American colleges. Membership on one oversea touring committee was appointed by the American Educational Theater Association headed by Dr. Campton Bell, director of the School of Communications at the University of Denver, Colo., while membership on the other was appointed by the National Music Council, under Dr. Archie Jones, dean of the Conservatory of Music for the University of Kansas City, Mo. For their respective selections the AETA and the NMC will cosponsor the college tours with USO Shows.

Screening of more than 150 college applications by process of auditions, performance reports, program proposals, tape recordings and photographs narrowed the selection to the 29 groups, it was explained. The Department of Defense, which will provide the oversea transportation and travel subsistence to the college performers, has confirmed the selections and the dates of the respective tours, a USO officer stated. USO will insure each and every student during the periods of their travel as well as provide all necessary administration services.

EXTENSION OF APPLICATION OF CERTAIN LAWS TO AMERICAN SAMOA

The VICE PRESIDENT laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H.R. 10062) to extend the application of certain laws to American Samoa, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. HUMPHREY. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. JACKSON, Mr. GRUENING, Mr. LONG of Hawaii, Mr. KUCHEL, and Mr. MILLER conferees on the part of the Senate.

The VICE PRESIDENT. Is there further morning business?

Mr. MANSFIELD. Mr. President, is there further morning business?

Mr. SYMINGTON. Mr. President——

The VICE PRESIDENT. The Senator from Missouri.

Mr. SPARKMAN. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Senator from Missouri has been recognized.

Mr. SYMINGTON. Mr. President, I withdraw my request for recognition, as a result of the suggestion which has been made by the Senator from Alabama.

Mr. SPARKMAN. Then, Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, is there further morning business?

The VICE PRESIDENT. Is there further morning business? If there is no further morning business, the Chair lays before the Senate the conference report on the Foreign Assistance Act of 1962.

FOREIGN ASSISTANCE ACT OF 1962—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of con-

ference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the conference report.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President——

The VICE PRESIDENT. The Senator from Wisconsin.

Mr. PROXMIRE. I ask unanimous consent that I may yield to the Senator from Missouri [Mr. SYMINGTON] without losing my right to the floor.

The VICE PRESIDENT. Without objection, the Senator from Missouri is recognized.

Mr. SYMINGTON. Mr. President, I understand that the agreement to reduce the requested aid for India was withdrawn in the conference yesterday. Inasmuch as the distinguished majority whip, the Senator from Minnesota [Mr. HUMPHREY], was a member of the conference, I would ask for clarification in this matter.

Mr. HUMPHREY. Mr. President, I am happy to respond to the Senator from Missouri, if I may do so under the unanimous consent request.

The language which was included in the Senate bill that had been offered as an amendment by the Senator from Missouri was dropped in the conference committee primarily because we do not like in the foreign aid appropriations to mention country by country. That practice was dropped back in 1953. However, the objective of the Senator's amendment, which was voted upon in the Senate and voted upon in the Committee on Foreign Relations at the time of the consideration of the bill by the Senate, will be fulfilled by the administration. It can be done administratively. We have been assured that it will be carried out administratively, on the basis of the understanding arrived at with the administration during the conference.

Mr. SYMINGTON. In other words, as I understand the distinguished Senator from Minnesota, the reduction in the originally requested aid for India of 10 percent as agreed in the Senate will be carried out.

Mr. HUMPHREY. The amount is approximately 10 percent, as I recall. It will be at levels not to exceed obligations for the fiscal 1962.

Mr. SYMINGTON. This year?

Mr. HUMPHREY. This year.

Mr. SYMINGTON. I thank the Senator for clarifying the matter, and am glad to understand the reduction will stand.

FARM LEGISLATION

Mr. PROXMIRE. Mr. President, I ask unanimous consent that I may yield to the distinguished Senator from Virginia [Mr. ROBERTSON] under the same conditions.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. ROBERTSON. Mr. President, shortly the Senate will receive from the House the new farm bill, a measure which gives us all concern because of the tremendous sums involved in the present farm program. A major defect, which was not cured either in the present law or the farm bill passed by the House, is that we have enough wheat for another whole year if we did not raise another bushel. When the acreage was fixed at 55 million bushels, it was at a time when the average per acre production was only half of what it is now.

I hope the farm bill will be sent to our committee and that we will take out the 55 million acreage provision and leave it to the discretion of the Secretary of Agriculture to cut wheat production in line with our need for wheat.

FOREIGN ASSISTANCE ACT OF 1962—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. PROXMIRE. Mr. President, I yield to the Senator from Connecticut [Mr. DODD] under the same conditions.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. DODD. Mr. President, a year ago I offered an amendment to the foreign aid bill which would clearly and specifically forbid foreign aid to Communist regimes. After long and spirited debate, that amendment was defeated by a wide margin—61 to 34—through the adoption of a substitute which left existing law virtually unchanged. But the other body did adopt a strong prohibition against aid to Communist nations. In conference, however, the House yielded and the weak Senate provision was adopted.

This year the able junior Senator from Wisconsin [Mr. PROXMIRE] forcefully brought forward an amendment to stop aid to Yugoslavia. I shall never forget his brilliant and eloquent presentation.

The Senator from Ohio [Mr. LAUSCHE] then offered an ironclad prohibition against aid to any Communist regime. Once again the debate was long and spirited, but this time the Lausche amendment was adopted by a very great margin. That vote was a tribute to the masterful argument made by the Senator from Ohio [Mr. LAUSCHE]. But more than that, it reflected a dramatic change in opinion in the Senate and it indicated to me that the mounting protests on the part of the American people against the use of their tax dollars to finance Communist regimes had at last been heard by the Congress.

The following day the Senate altered the Lausche amendment in some respects by adopting an amendment put forth by the combined majority and minority leadership. This was a retreat, but it was still a far stronger ban on aid to Red regimes than had previously been in effect and those of us who had fought for this cause for years could well take some satisfaction out of the resolution of this matter as it left the Senate.

This year it was the other body that adopted the weaker position, and in conference the Senate conferees abandoned abjectly the position taken by the Senate in two lopsided record votes.

So, after years of battle on this issue, we once again came out where we went in. But there is one great change, and that is the temper of the American people.

This is the last time the will of the people will be thwarted on this issue; of that I am sure. This is the last time that what has been won out in the open will be lost behind closed doors. The American people are fed up with a policy that has spent $4 billion of their money—$4 billion dollars which has had no other result but to strengthen our avowed enemies.

Having failed for many years to produce any tangible results from the program of aid to Communist regimes, its advocates have but 1 year left in which to justify this program.

Those of us who oppose this program must continue to lay our views before our colleagues and before the American people—and in that cause I do not wish to let this occasion pass without once again pointing out why this program has never worked and why it never will work.

First, the Communist philosophy, which Tito and Gomulka and Castro all accept, is directed at the destruction of Western civilization, the prerequisite of the building of world communism. Each Red regime has developed the concept of the total state as far as it can go and therefore, within the limitations of bungling and inefficiency characteristics of dictatorships, every resource, important or insignificant, is directed and coordinated toward the eventual Communist world triumph.

Every dollar that we send behind the Iron Curtain, every grain of wheat, every parcel of clothing, every piece of equipment and machinery, every particle of technical knowledge and industrial know-how, is promptly melded into the cold-war machine of our enemies to be used against us. Nothing should be plainer or clearer than this.

Second, when we help Communist regimes in any way, we help them to conceal their inability to satisfy the needs and aspirations of people everywhere.

When we help Communist regimes to obscure their basic failures, when we give them food to hide their famines, when we give them trade to overcome their shortages, when we help to relieve

the pressure for consumer goods, thus permitting them more leeway in devoting their resources to weapons of war, we only postpone the day when communism will be totally discredited beyond the Iron Curtain and completely unbearable within it.

Third, the historic lesson is that aid to Communist regimes does not wean them away from basic Communist revolutionary philosophy or draw them closer to us. Our long and costly programs of aid to Communist Yugoslavia and Poland ought to have proved this much to us.

After spending billions of dollars to prop up the Tito regime, the net gain to the free world has been zero. Yugoslavia remains a Red dictatorship, strengthened and made more tyrannical by American aid, brutally oppressing its people, persistently allied with Moscow on every major issue dividing the Communist world from the free world. With the aid we have given him, Tito has been able to set up foreign aid programs of his own in Asia and Africa, and he has used these programs and the respectability in which we have clothed him, to dissuade the Asians and Africans from lining up with the free world.

Poland, too, while receiving aid from us, has been giving aid to Castro's Communist, anti-American regime in Cuba. Poland is a Red satellite, clear, and simple. Our aid to that country was intended to encourage the Polish regime to be more independent of Moscow. Yet the longer our aid has continued, the more subservient to Moscow the Gomulka regime has become, and the more venal and repressive toward its people, its press, its churches, its schools, its academic world, and all elements of its society.

Therefore, on the record of the acts, words, and U.N. votes of Yugoslavia and Poland, this type of aid has been a gigantic failure and should be stopped.

Fourth, we must measure the cost of aid to Communist regimes, not only in dollars and in lost time and effort, but in what we might have accomplished had we used these resources for other means. Our experiment in giving the money and goods of the American people to Communist tyrannies has already cost us $4 billion. If this policy is now to be made permanent and perhaps expanded to other Communist regimes, none can tell where it will end or how much it will cost.

Thus, our aid to the Reds not only strengthens them; it weakens us by denying us the resources needed to achieve those objectives necessary to our survival.

Fifth, I raise this final point. Even if I did not oppose aid to Communist dictatorships on the grounds I have described, I would oppose it for yet another reason.

During the past year, the dawning recognition of the crisis in the world has caused the United States to revise its spending plans upward by several billion dollars in the fields of space and military affairs. Since we obviously cannot do everything, this forces upon us a system of priorities. Some things will have to go.

And what could be lower on our list of priorities than handouts to Red governments?

Mr. President, even if we have no philosophic aversion to this kind of aid, even if we do not think it aids our enemies, even if we do not think it deprives ourselves and our friends, we should be against it on the simple ground that newer and more urgent demands must be met, that to meet these demands we must dispense with other programs, and that financial aid to communism should be the first thing dispensed with.

Again and again we have tried and failed; but we shall not fail again. Where those who have opposed this aid were once on the defensive, it is now the proponents of this aid who are on the defensive. The vague, mystical, wishy-washy generalities of the past with which they have justified this aid will no longer suffice.

A year ago I voted "present" on final passage of the foreign aid program. I could not vote against it because I believed the program as a whole was essential to the defense of freedom in the world and to the carrying out of our moral responsibilities to aid less fortunate people. Yet, I could not vote for it because, among other reasons, it contained provision for aid to Communist regimes. This seemed to me a negation of all we were trying to accomplish.

My "present" vote was intended as a protest and as a symbol of the dissatisfaction with our foreign aid policies which could well bring down the whole program unless reforms were made.

I believe that the unmistakable growth of this sentiment, so eloquently described by the senior Senator from Oregon in his speech yesterday, makes it clear to almost everyone that in our foreign aid policy the administration has a bear by the tail. Symbols of protest are no longer needed because protest itself is coming from all sides.

I therefore intend to vote for this conference report because I believe that the aspect of the bill to which I strongly object is foredoomed and will pass away, while the essential principle of foreign aid must be preserved.

Mr. PROXMIRE. Mr. President, briefly, on another matter——

Mr. MAGNUSON. Mr. President, will the Senator yield to me for 1 minute?

Mr. PROXMIRE. I yield to the Senator from Washington for 1 minute.

Mr. MAGNUSON. Mr. President, I wish to direct a question to the Senator from Alabama in regard to the conference report.

For about 2 days now, as for many weeks, we have been discussing in general aid to so-called Communist countries. I think the average person in the United States has received some impression that we have been giving aid to Communist countries. We have discussed Poland, Yugoslavia, Communist China, Red Russia.

I think it would serve a good purpose if the Senator from Alabama would put into the RECORD the exact amounts of aid we have given to Yugoslavia, to Poland, to Red China, to Czechoslovakia, to Communist Russia, to all the countries involved, because I think the public is getting the impression that we have been arguing about whether we should cut off aid or not give aid to these Communist countries.

It is my understanding that there have been only rare exceptions when any President—Eisenhower, Truman, Kennedy, or anyone else—has given aid, because it was thought to be in the best interests of the United States not to.

I think the RECORD ought to be very clear as to what aid we have given to Yugoslavia, what aid we have given to Poland, what aid we have given to Communist China, what aid we have given to Czechoslovakia, what aid we have given to Russia, what aid we have given to all the Communist countries. Everyone seems to be getting the impression that we are arguing about whether we should continue aid to these countries. It is my understanding we have not been giving aid to them.

Mr. HRUSKA. Mr. President, will the Senator yield for a question as to his question?

Mr. MAGNUSON. I yield.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that without losing my right to the floor I may yield to the Senator from Nebraska so that he may ask a question.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and the Senator from Nebraska may proceed.

Mr. HRUSKA. Would the Senator from Washington wish to have included in the tabulation the shipments under Public Law 480?

Mr. MAGNUSON. Yes. I think we should include that. The Senator from Nebraska, the Senator from Alabama, the Senator from Washington, and other Senators are against this. We should like to be as sensible about it as possible. I think the people are getting the impression throughout the country that the Senate has spent hours and days arguing about whether we should continue aid to Communist countries. That is not correct.

Mr. SPARKMAN. Mr. President, will the Senator from Wisconsin yield to me to answer?

Mr. PROXMIRE. I yield to the Senator from Alabama, with the same understanding.

Mr. SPARKMAN. I am glad that the Senator from Washington has asked that question. I touched upon it yesterday.

Mr. MAGNUSON. But only slightly.

Mr. SPARKMAN. I was giving the figures from memory. This morning I have the figures from the RECORD.

As I stated yesterday, the only two countries to which we have furnished any aid have been Yugoslavia and Poland. I have a table which shows aid for fiscal years 1961 and 1962 to each of those two countries. The Senator did not designate any specific period of time, but I believe those 2 years are indicative.

Mr. MAGNUSON. I think those 2 years would be good, yes.

Mr. SPARKMAN. It is not a question of continuing aid or of giving aid. It is a question of leaving the law written in such a way that the President can exercise the same kind of discretion he exercised in regard to Peru.

Mr. MAGNUSON. Today.

Mr. SPARKMAN. Yesterday.

Mr. MAGNUSON. Yesterday; that is correct.

Mr. SPARKMAN. No one objects to the President exercising that same discretion to cut off aid to Peru. All we ask is that the President have that discretion in connection with the Communist countries under the terms—rather strict terms—laid down in the conference report.

I am not sure the Senator from Washington was present when I brought out the fact that this provision was largely written with the aid of perhaps as good authority on anticommunism as there is in the country, FRANCIS WALTER, the chairman of the House Committee on Un-American Activities.

Mr. MAGNUSON. And Dr. Judd.

Mr. SPARKMAN. I placed in the RECORD, near the end of yesterday's proceedings, the statement FRANCIS WALTER made on the floor of the House July 12 in support of the exact language to which the conferees agreed.

I said yesterday that we gave Yugoslavia a small amount of aid last year. I did not remember the exact figure. I was inaccurate. We gave them $800,000. That was in the form of technical assistance. Under Public Law 480 Yugoslavia got $69.6 million worth of surplus commodities.

Mr. MAGNUSON. Wheat, primarily.

Mr. SPARKMAN. That is shown in the table. Yugoslavia got $16.7 million under title III and $11.7 million under title IV.

In regard to Poland, in fiscal year 1962 there was $1.5 million by way of development grants. Offhand, I do not know exactly for what that was provided. I know that we worked out an arrangement to help in the building of a children's hospital in Poland.

Mr. MAGNUSON. The children's hospital, yes.

Mr. SPARKMAN. Under the language adopted by the Senate that was accepted. That was in our language. That was the principal help which went to Poland.

Several years ago we sold to Poland, as the Senator will remember, $60 million worth of wheat, $90 million worth, or whatever the figure was.

Anything which might be called aid has been in a minimal amount, and has been given under the discretion the President had. Both President Eisenhower and President Kennedy have acted quite discreetly in regard to this problem.

Mr. MAGNUSON. I thank the Senator.

Mr. SPARKMAN. I thank the Senator from Wisconsin for yielding.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. PROXMIRE. I will yield to the Senator in a minute. I have only a very short statement to make myself, and then I shall be through.

The distinguished Senator from Alabama said, if my ears did not betray me, that we had given $69 million worth of aid to Yugoslavia last year in the form of Public Law 480 assistance, and a very small amount, $800,000, of technical assistance. I should like to invite attention to the fact that it is also my understanding that we have given over $2 billion worth of aid to Yugoslavia in the past 12 or 14 years, and we would have given a relatively modest amount, $10 million in development loan funds for Yugoslavia, in the coming year, which would have been stricken if the Proxmire amendment, which was in the bill when the bill passed the Senate, had remained in the bill in conference. It did not.

I wish to say to my distinguished friend from Alabama, with regard to Peru, that I have commended the President for cutting off aid to a country which has lost its democracy. The democracy has been succeeded by a military junta, a military dictatorship.

It is perfectly clear that throughout the coming year, unless the situation changes with great and unforeseen developments, there will be a Communist dictatorship in Yugoslavia. On the basis of all our past experience, the power of that dictatorship will be turned against us.

All the Proxmire amendment would have done, and all the bill which went to conference would have done, would have been to provide for a suspension of aid to Yugoslavia for 1 year. It would not have cut off aid forever. It would have cut off aid for only 1 year.

CONDITIONS IN PERU

Mr. MANSFIELD. Mr. President, I wish to join the Senator from Wisconsin, the Senator from Alabama, and other Senators who have spoken today and to discuss briefly the situation in the Republic of Peru.

The President of the United States, by stopping aid to Peru in the wake of the military takeover of that country, has in effect served notice that mere lipservice to democratic ideals will not suffice to maintain U.S. aid and support. There is too much at stake for the entire hemisphere for this type of subversion of freedom to be ignored. This Nation and those of Latin America, under the Alliance for Progress, are committed to the principle of social change and the support of free institutions throughout the hemisphere.

The action which the President took in this situation makes clear to the minorities of privilege in this hemisphere something which they, as inhabitants of the Americas, should know—that financial aid which comes from the labor of citizens of this Nation, who are in most cases less privileged than they, is not an open tap.

Mr. President, I ask unanimous consent that a selection of editorials on the military coup in Latin America be included at this point in the RECORD. I believe they reflect very accurately the sense of national repugnance which these events in Peru have kindled.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Washington Post, July 19, 1962]

COUP IN PERU

The sword that was hanging over Lima has fallen, and a self-appointed military junta is now ruling Peru. The circumstances fully warrant the suspension of diplomatic relations that has swiftly followed in the United States and a group of Latin American countries. What the military of Peru have done is arbitrary, irresponsible and wholly at odds with the political premises of the Alliance for Progress.

As in Argentina, an election did not come out the way the armed forces wanted. The result was, as in Argentina, that Peru's President, Manuel Prado, was summarily ejected from office with the flimsy pretext that the army was acting to "preserve" the constitution. But unlike Argentina, there was nothing equivalent to the threat of Peronism that might have lent a faint shadow of pragmatic justification to the military intervention.

The winner in the June 10 election, according to the civilian board certifying the results, was Victor Raul Haya de la Torre, leader of the moderately leftist Apra Party. It is quite true that Haya lacked the decisive plurality required by the constitution, and as a result the choice of President was up to Congress. When the army took over, a compromise solution was already being worked out—but apparently the military were determined to veto any government in which Haya de la Torre had a part.

Peru now affords a test case in which the United States can demonstrate the earnestness of its intent concerning the broad political goals of the Alliance. Acting in concert with its neighbors this country can and surely will manifest its displeasure with government-by-bayonet. By multilateral accord, the hemisphere is pledged to fostering democratic methods; multilateral pressure should help to restore civilian—and elective—rule to Peru.

[From the Baltimore Sun, July 19, 1962]

HAPLESS PERU

For a time in the middle of President Prado's term of office (late 1959 and 1960) the Government of Peru seemed to have pulled itself together. A new finance minister, Pedro Beltrán, applying classical economic ideas, halted inflation and stabilized the currency, made a successful drive for delinquent taxes, encouraged new investment in industry and public works, and launched a plan for setting up some peons on land of their own.

But it didn't last, and Beltrán didn't last; and anyway it was a superficial thing. It made barely a dent on Peru's real problem: the terrible danger of a situation in which a tight little oligarchy owns practically everything and a submerged and illiterate Indian population lives in serfdom but is beginning to stir.

The election of June 10 promised, and yielded, nothing better. The three leading candidates—Haya de la Torre, Belaunde, and Odria—were all tied in their different ways to the status quo, which is to say the oligarchy—even Haya, the longtime bad boy of Peruvian politics and onetime champion of the Indians. As things turned out, none of the three was able to summon even the one-third of the vote cast which would have given him a clear title to the presidency. Six weeks of backroom maneuvering yielded no solution.

So now the military, which is only the oligarchy in another guise, steps in, de-

nouncing the election as a fraud (which no doubt it was), suspending constitutional guarantees and installing its own government; and in a matter of hours our own Government expresses disapproval of this strong-arm solution by suspending relations.

The episode fits into the political history of Peru with sad precision. Somehow the thing will be patched up, and the form if not the substance of constitutional government will be satisfied. But how long must it be before the real rulers of Peru come to their senses? Can they? If they can, will they do so in time?

[From the New York Times, July 19, 1962]

PERU TURNS THE CLOCK BACK

The seizure of power in Peru by military leaders, the arrest of President Prado, who refused to bow to their demands, and the annulling of an election which the official national electoral board pronounced honest after the most careful investigation, are in the worst tradition of Latin America's unstable and violent political history. It had been hoped that Peru had outgrown the garrison revolt.

The State Department could do no less than it did yesterday in suspending diplomatic relations with Lima and in cutting off any further Alliance for Progress aid. Every government in Latin America that respects constitutionality and democracy will surely also make its condemnation clear.

When the Argentine military forces seized control last March, annulled the election of March 18, arrested President Frondizi and confined him on an island, the U.S. Government went along with it because a fiction of constitutionality was maintained. The Peruvians copied the Argentines to the extent of annulling a fair election, arresting the President and confining him on an island, but they could not cloak their acts in any semblance of constitutionality. The courage and patriotism of President Prado and the civilians of the national electoral board prevented this.

If the United States had gone along with this naked seizure of power, even to the extent of keeping quiet, the effects in Latin America would have been grave. At best, the Alliance for Progress has been seriously maimed by the events in Argentina and Peru, and the crisis in Brazil. It can only survive if its basic aims are kept in view and honored. It commits us to support a Latin American program for social reform and economic development achieved through the institutions of "representative democracy," to which the Latin American nations are pledged.

The real tragedy of a political crime of this nature is that it solves nothing. The victims are Peru and the Peruvian people, who were faced with the gravest sort of social and political problems and who now have the additional incubus of an old-fashioned, reactionary military junta to get off their backs.

[From the New York Herald Tribune, July 19, 1962]

PERU: A BLOW TO ALL FREE AMERICANS

Peruvian militarists, inspired by the example of their Argentine colleagues on the other side of the Andes, seized the government yesterday morning and imprisoned the nation's freely elected, constitutional civilian president, Manuel Prado. This was a blow not just to the people of Peru but to all freedom-loving Americans in all twenty-one republics of this hemisphere.

It is ironical that President Kennedy's Alliance for Progress program, dedicated to reforms and free institutions, should be followed by the remergence of military dictatorships in Latin America—first in Argentina, ruling through a civilian puppet regime, and now in Peru, where the military at least had the courage and honestly to come out into the open.

President Kennedy unfortunately must share in the blame for this unhappy development, not because of his Alliance program but because of his failure to conduct it wisely; because of his failure to provide continental leadership in terms of action rather than words; and because of his vacillation in the face of the rising military tide in Latin America.

If Mr. Kennedy and his Secretary of State had taken a courageous stand against the military coup in Argentina 4 mouths ago; if they had suspended diplomatic relations and economic aid to Argentina at that time, it would not have been necessary for them to have done so yesterday in the case of Peru. The Peruvian militarists would not have dared to repeat the Argentine example.

They moved yesterday because they regarded Washington's inaction in Buenos Aires as a green light for them to go ahead in Lima. They were convinced that our policy of continuing economic aid and of granting Argentina a slice of our subsidized sugar quota would also be extended to them.

Fortunately, they have been sadly mistaken. Fortunately, the President reacted. He reacted late, it is true, but better late than never.

Had he failed to stop the false assumption that military dictatorships as well as elected civilian governments were entitled to our political, moral and economic assistance, the green light would have been flashed from one capital to another, from Lima, to Bogotá, to Caracas, to Rio, until the entire continent had fallen once more under the military boot.

We hope that the action in Peru is now made retroactive to Argentina. The Argentine Minister of Economy is on his way to Washington with his hand out for more of our taxpayers' money. We trust he will be advised to return to Buenos Aires and to work for a free, democratic government before he again asks for more hundreds of millions of our dollars.

Once our position becomes crystal clear, militarists will have no reason to miscalculate; the hemisphere ground will be made more secure for democratic institutions and the outlook for the Alliance program will become brighter.

THE PERUVIAN COUP: A BODY BLOW TO THE ALLIANCE FOR PROGRESS

Mr. HUMPHREY. Mr. President, Wednesday's military takeover in Peru was one of the saddest and most futile acts of violence which the Western Hemisphere has known. President Kennedy was eminently correct to call the overthrow of the "democratically constituted government" of Peru an action which "has contravened the common purposes inherent in the inter-American system and most recently restated in the Charter of Punta del Este." The President reminded the world that the signatories of this historic document "agreed to work together for the social and economic welfare of the Hemisphere within a framework of developing democratic institutions."

The United States has pledged itself to supply $10 billion toward these lofty goals in the next decade. The foreign-aid bill which was assented to by the Senate today was a formal ratification of spirit of Punta del Este and the earlier Act of Bogotá; it seeks to put the Alliance for Progress on a long-term, self-sustaining basis, with a guaranteed contribution from the United States for the years 1963 to 1966. In view of our wholehearted commitment to the Alliance, the President was compelled—more in sorrow than in anger—to suspend diplomatic relations and to cut off all but certain types of humanitarian aid to the Republic of Peru. Our action was a painful, regrettable necessity. At the very least it entails the loss of $81 million worth of Alliance for Progress aid already committed to Peru. It means that about 200 Peace Corps volunteers who have completed their training and were about to depart for Peru will not leave for their assignments until constitutional government has been restored. In all likelihood Peru will also be deprived of about $18 million worth of foreign exchange which would have been earned by the sale of 190,000 tons of sugar to the United States under the recently allocated foreign quotas. The major category of aid which is being continued is the $2 million school lunch program, a program which is justified by humanitarian considerations and which has no bearing on relations between the United States and the military junta.

Mr. President, I have no doubt that the Peruvian military junta thought it was acting in the best interests of their country. But how distorted was their conception of the national interest?

Following my visit to Peru almost a year ago, I reported back to my constituents that Lima, the capital city, was a study in sharp contrast:

Here one sees magnificent boulevards—

I wrote—

gardens, handsome residences of the wealthy class; and here one also sees hundreds of thousands of people living in degrading poverty in slum dwellings literally without electricity, sewage disposal, or even running water. And yet, despite such miserable living conditions, Indians continue to pour into the city from the Andes, where living conditions are even more primitive.

Of all the nations which affixed their signatures to the Charter of Punta del Este, Mr. President, none stood to gain more from it than did Peru. Certainly few countries had greater need of the social and economic benefits which lay at the heart of the Alliance. If any country had reason to abide by the democratic and progressive commitments that were solemnly entered into at Punta del Este, it was the Republic of Peru.

Imagine, then, what a blow it was to read in Wednesday's newspapers of the military coup in Lima. Apparently even the prospect of social reform was too much for the Peruvian armed forces. At four in the morning President Manuel Prado, a sincere patriot whose only crime was that he refused to annul the democratic elections of June 10, was dragged out of the Presidential Palace and carted off to a convict island near the coast. President Prado is the same man whom President Kennedy honored at the White House last year. He understands the meaning of the Alliance for Progress, and he understands the meaning of democracy in this hemisphere. Now he and other progressive citizens are in jail or in hiding, and blood has flowed in the streets of Lima.

The Peruvian military have ignored the lessons of the French and Russian revolutions; namely, that attempts to dam up the tide of reform will only make that much more certain the flood of violent social revolution. It appears that the military took power not so much to save their country from anarchy and internal collapse as to thwart the due process of constitutional procedure.

The Peruvian military leaders cannot claim that they did not have fair warning as to the possible consequences of their ill-considered action. They had whole weeks to ponder the consequences. Public figures throughout the hemisphere advised them that violence would be the worst disservice to their cause.

A few days before the elections, a group of Peruvians told me that they could not stomach the thought of Señor Haya de la Torre taking office if he were elected. Haya de la Torre, leader of the Aprista Party, subsequently amassed a plurality of the popular vote. I said frankly that the United States would react with equal distaste to either a Communist or a rightwing reactionary government installed by force. I made it perfectly clear that I was not favoring one presidential candidate over another. As far as the United States was concerned, any of the three most prominent candidates was wholly acceptable. What was not acceptable was illegal and unjustified interference in the electoral process. It was my duty to point out, therefore, that the United States would have a difficult, if not impossible, task justifying any aid to a regime similar to the one which has just seized power. I indicated that if the military deposed a duly elected constitutional government which was anti-Communist and pro-Alliance for Progress, the result would be a serious and wholly unnecessary deterioration of U.S.-Peruvian relations. We had no business interfering in the internal affairs of another country, but we had a sacred obligation to ensure that U.S. aid funds were being spent for the intended purpose.

Mr. President, knowing the honorable traditions of the Peruvian military, I thought that the men who talked to me understood my message and sincerely wanted to keep hands off politics. I believed this even though the rightwing press of their country filled the air with denunciations of my "intolerable intervention" in Peru's internal affairs and printed cartoons showing me in league with Haya de la Torre against the Peruvian people. But my confidence in the military leadership was misplaced. On June 28, the armed forces announced that the elections, which were just beginning to go against their handpicked candidate, were fraudulent. From that moment on the coup seemed inevitable, although desperate attempts were made to settle upon a satisfactory political coalition. These efforts foundered on the army's determination to prevent the Congress from electing a president, for Congress was dominated by the hated APRA Party—anathema to the military.

The worst effect of this naked military intervention in politics would have been a feeling on the part of some members of the Latin American military that they could do what they like and still get all the economic and other assistance they wanted from the United States. Until this year Latin American politics had shown a heartening trend toward the elimination of military dictatorships. Now, in the first half of 1962, we have already had major disruptions of the constitutional order in Argentina and Peru, along with ominous rumblings in the barracks of Brazil, Venezuela, and the Dominican Republic. In view of this situation, the United States and other good neighbors in this hemisphere had to register their disapproval in terms that would stick. Whatever else is done—including the possible imposition of collective sanctions—is for the President and other hemispheric leaders to decide.

My personal hope is that further measures will not be necessary and that the Peruvian armed forces will accommodate themselves to civilian rule and due process of law. Their first act should be to release the many fine individuals who have been imprisoned through no fault of their own. Until this happens, United States-Peruvian relations will remain at their lowest ebb in history. Considering the multitude of common interests binding our two countries, such an outcome would be tragic. I repeat that it is wholly unnecessary.

Mr. President, in conclusion I ask unanimous consent that certain press items bearing on the events in Peru be printed in the RECORD at this point.

There being no objection, the editorials and articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, July 19, 1962]

PERU TURNS THE CLOCK BACK

The seizure of power in Peru by military leaders, the arrest of President Prado, who refused to bow to their demands, and the annulling of an election which the official National Electoral Board pronounced honest after the most careful investigation, are in the worst tradition of Latin America's unstable and violent political history. It had been hoped that Peru had outgrown the garrison revolt.

The State Department could do no less than it did yesterday in suspending diplomatic relations with Lima and in cutting off any further Alliance for Progress aid. Every Government in Latin America that respects constitutionality and democracy will surely also make its condemnation clear.

When the Argentine military forces seized control last March, annulled the election of March 18, arrested President Frondizi and confined him on an island, the U. S. Government went along with it because a fiction of constitutionality was maintained. The Peruvians copied the Argentines to the extent of annulling a fair election, arresting the President and confining him on an island, but they could not cloak their acts in any semblance of constitutionality. The courage and patriotism of President Prado and the civilians of the National Electoral Board prevented this.

If the United States had gone along with this naked seizure of power, even to the extent of keeping quiet, the effects in Latin America would have been grave. At best, the Alliance for Progress has been seriously maimed by the events in Argentina and Peru, and the crisis in Brazil. It can only survive if its basic aims are kept in view and honored. It commits us to support a Latin American program for social reform and economic development achieved through the institutions of "representative democracy," to which the Latin American nations are pledged.

The real tragedy of a political crime of this nature is that it solves nothing. The victims are Peru and the Peruvian people, who were faced with the gravest sort of social and political problems and who now have the additional incubus of an old-fashioned, reactionary military junta to get off their backs.

[From the Washington Post, July 19, 1962]

COUP IN PERU

The sword that was hanging over Lima has fallen, and a self-appointed military junta is now ruling Peru. The circumstances fully warrant the suspension of diplomatic relations that has swiftly followed in the United States and a group of Latin American countries. What the military of Peru have done is arbitrary, irresponsible, and wholly at odds with the political premises of the Alliance for Progress.

As in Argentina, an election did not come out the way the armed forces wanted. The result was, as in Argentina, that Peru's President, Manuel Prado, was summarily ejected from office with the flimsy pretext that the army was acting to "preserve" the constitution. But unlike Argentina, there was nothing equivalent to the threat of Peronism that might have lent a faint shadow of pragmatic justification to the military intervention.

The winner in the June 10 election, according to the civilian board certifying the results, was Victor Raul Haya de la Torre, leader of the moderately leftist Apra Party. It is quite true that Haya lacked the decisive plurality required by the constitution, and as a result the choice of President was up to Congress. When the army took over, a compromise solution was already being worked out—but apparently the military were determined to veto any government in which Haya de la Torre had a part.

Peru now affords a test case in which the United States can demonstrate the earnestness of its intent concerning the broad political goals of the Alliance. Acting in concert with its neighbors this country can and surely will manifest its displeasure with government-by-bayonet. By multilateral accord, the hemisphere is pledged to fostering democratic methods; multilateral pressure should help to restore civilian—and elective—rule to Peru.

[From the New York Times, July 20, 1962]

UNITED STATES SCORES COUP IN PERU AND HALTS ITS AID PROGRAM

(By Tad Szulc)

WASHINGTON, July 19.—The White House charged in President Kennedy's name today that the military coup d'etat in Peru was a serious setback for the Alliance for Progress in Latin America.

An hour after the White House issued its unusual and stern statement, the State Department announced that all U.S. aid to Peru was being suspended except for minor humanitarian programs.

It was also understood that U.S. technicians working on Alliance for Progress projects with Peruvian authorities were being ordered to stay away from their jobs and that the administration was preparing to deprive Peru of premium payments for her sugar imported here under the quota system.

PERU'S PRESENT QUOTA

The present Peruvian quota is 190,000 tons, of total U.S. yearly sugar imports of 1,840,000 tons. The price is about $100 a ton.

(In Lima the new military regime formally asked the United States and other non-Communist governments for diplomatic

recognition. It was confronted with an attempt by the Apra party to organize a general strike against the junta's voiding of the June 10 presidential election.)

Today's moves by the United States, in effect penalizing the Peruvian military junta for the ouster of the constitutional government in its country, followed yesterday's action by Washington suspending diplomatic relations with Peru.

Acting according to a previously prepared contingency plan, the administration wasted no time in going to unparalleled lengths to show in practice its dismay over the overthrow of a democratic government in Latin America.

Last November the United States ordered a Navy task force to anchor outside the territorial waters of the Dominican Republic to discourage plans for a dictatorial takeover there, in an action similarly designed to protect Latin-American democracy.

But officials said today that in the sense of applying actual punitive measures against a dictatorship, there was no parallel in the history of the United States relations with Latin America to today's action.

The White House statement went to the extreme of quoting President Kennedy as accusing the Peruvian military of having "contravened" the common purposes of the inter-American system.

In the past, administration statements on Latin American internal upheavals were limited to expressions of regret or concern over precipitous changes of governments or other difficulties.

CHARTER PLEDGE RECALLED

Today, however, the President in the White House statment declared that the "common purposes" violated by the Peruvian military were those that the hemisphere governments had pledged themselves to support in the Punta del Este charter, which established the Alliance for Progress programs.

"At that historic meeting," the statement said, "the signatories agreed to work together for the social and economic welfare of the hemisphere within a framework of developing democratic institutions."

"The declaration to the peoples of America adopted at Punta del Este sets forth the aim 'to improve and strengthen democratic institutions through the application of the principle of self-determination by the people,'" the White House said. "In the case of Peru this great cause has suffered a serious setback."

The statement also emphasized that "the President has noted the developments in Peru with great concern."

The State Department announcement on the suspension of aid to Peru spoke of the "unfortunate developments."

"Diplomatic contact between the two countries has ceased," the Department said. "We are as of today suspending our various assistance programs, with certain relatively minor exceptions where important humanitarian factors are involved."

AID AUTHORIZED: $90 MILLION

Since the Alliance for Progress was launched March 13, 1961, nearly $90 million in aid to Peru has been authorized and appropriated, but only $9 million has been actually disbursed.

Under the suspension of aid ordered today, all further disbursements are being halted. Exempt from the suspension are the school lunch programs, which have cost $2 million in the last 18 months. It was also understood that U.S. funds already in the hands of contractors engaged in building housing or roads would not be recalled.

If the payment of premiums on Peruvian sugar is likewise curtailed, it could mean an annual loss of about $18 million to Peru on the basis of the new 190,000-ton quota.

While there were no indications how long the administration proposed to maintain its sanctions against the Peruvian military junta, the steps taken yesterday and today reflected the determination by the United States not to tolerate the emerging trend toward the resurgence of outright or thinly veiled military dictatorships in the hemisphere.

The current policy is designed not only to impress upon the Peruvian military the degree of Washington's displeasure over their behavior but also to serve notice on the military in other Latin American countries that the United States has decided to draw a line when antidemocratic conspiracies develop in the hemisphere.

The threat of military takeovers exists in Venezuela, the Domincan Republic, Ecuador and several other republics.

CONSULTATIONS UNDERWAY

The Peruvian coup has already set in motion a process of diplomatic consultations to determine the feasibility of calling a conference of foreign ministers of the Americas to review the fate of democracy in the hemisphere and to propose antidictatorial measures.

The suggestion for such conference was made by Venezuela yesterday and it received the immediate backing of the Dominican Republic and several other Latin American governments.

Lincoln White, State Department press officer, said this morning that the United States was carefully studying the Venezuelan proposal as well as informal suggestions that the Inter-American Peace Committee look into the ramifications of the Peruvian situation.

The committee could be called into action if it were agreed that, under the provisions of the 1959 Declaration of Santiago, the nonexercise of representative democracy in Peru poses a threat to the peace and security of the Americas.

It was reported that if a ministerial conference was held Venezeuia would propose the approval of a convention that would limit the recognition of new governments in Latin America to regimes resulting from free elections.

It was believed tonight that at least 11 votes—a simple majority—were available for calling a conference. But diplomats were attempting to present a formula that could receive wider support and circumvent the fears of many governments that a conference of this nature might violate the principle of nonintervention.

[From the New York Times, July 20, 1962]

COUP SCORED BY CARACAS

(By Richard Eder)

CARACAS, VENEZUELA, July 19.—Foreign Minister Marcos Falcon Briceno said today that the military takeover in Peru was scandalous and that the other American States should not recognize the new regime.

Dr. Falcon, whose country is taking the initiative in seeking a conference of the hemisphere's foreign ministers on the matter, said that a series of measures should be taken.

He did not specify what these measures should be, saying that his country wanted to sound out sentiment among the other members of the Organization of American States before framing specific proposals.

The Foreign Minister declared in an interview that the events in Peru, although basically similar to the action earlier this year by the armed forces in Argentina, were even more scandalous. The situation in Argentina resulted in the ouster and arrest of President Arturo Frondizi and his replacement by a regime picked by the military.

At that time Venezueia tried unsuccessfuiiy to prevent recognition of the new regime by the other American Republics.

Dr. Falcon said that Peruvian develoipments, coming after those in Argentina, had created a threat to democracy serious enough to warrant a hemispheric conference.

THE VENEZUELAN CAMPAIGN

Venezuela's move for a conference fits in with the campaign she has been waging in the hemisphere since the government of President Romulo Betancourt took office in 1959. The object of the campaign is to empower the hemispheric system to pass upon the legitimacy of new governments and to furnish criteria for doing so.

The Venezuelan thesis, which has received varying degrees of support from a number of countries, is that no recognition should be given to regimes set up through the violent overthrow of democratically elected predecessors.

Dr. Falcon said today that such regimes should be excluded from the hemispheric system, an action similar to that taken against Cuba at the beginning of the year.

"It is a democratic club and to belong you need democratic credentials," the Foreign Minister said.

[From the New York Times, July 20, 1962]

PERU'S JUNTA SEEKS TIES TO UNITED STATES AND REQUESTS AID BE CONTINUED

(By Juan de Onis)

LIMA, PERU, July 19.—The military junta that seized power in Peru yesterday formaliy requested dipiomatic recognition today from the United States and other non-Communist countries.

The junta's Foreign Minister, Vice Adm. Luis Edgardo Llosa, sent identicai notes to all diplomatic missions here asking that reiations be restored.

Several Latin American countries, led by Venezueia, have announced a diplomatic boycott of the junta that overthrew and arrested President Manuel Prudo y Ugarteche.

The junta faced an attempt by the American Popular Revolutionary Alliance (Apra Party) to organize a general strike against opposing the junta's annuiment of the elections.

Radio reports to the headquarters of sugar companies here said that sugar workers had walked out this morning at big plantations in the La Libertad and Lambayeque Departments.

CAPITAL IS QUIET

Nevertheiess, except for a continuing strike of telephone workers, the situation in this capital was normal.

Demonstrations by Apra followers were dispersed iast night without casualties and stores, offices, banks, restaurants, and public services all were normal today.

The junta said that the deposed 72-year-oid President was being held aboard a navy transport at the Cailao Naval Base.

In reply to a formal request from the Papal Nuncio, Msgr. Romulo Carbone, that President Prado be allowed to ieave the country, General Nicolas Lindley, commander in chief of the army, said:

"That will have to be decided in a meeting of the Cabinet."

TERM EXPIRES JULY 28

President Prado's iegai term expires Juiy 28, when Congress was to have been installed to eiect his successor.

The military junta suspended Congress and issued a decree annuling the June 10 elections. It announced that new elections would be held in the second week of June 1963.

Gen. Ricardo Perez Godoy, head of the military junta, outiined in a message to the Nation the reasons for the miiitary overthrow of President Prado and the objectives of the junta.

In his message, Gen. Perez Godoy asked the United States to continue Aliiance for

Progress aid. He called on Peruvians to make "an unprecedented effort to solve our national problems and bring about the well-being of all.

"This effort, carried out with technique and spirit," he said, "should attract the promised aid of the Alliance for Progress, which is the most positive measure of social and economic justice and, therefore, of effective combat against Communist infiltration."

The military seized control after a political crisis that began June 28. The armed national elections for a successor to President Prado and a new Congress were fraudulent.

Opposition to the election was based on the military's long feud with the Apra party and its candidate, Dr. Victor Raul haya de la Torre.

The Apra candidate received the highest popular vote in the election but failed to achieve one-third of the votes cast, a constitutional requirement for the presidency. His party, however, won the largest single bloc of legislators in the Congress that was scheduled to elcct the next president when it convened July 28.

Relations betwcen the military and Apra have been strained since Apra attacked the Government of Gen. Luis Sanchez Cerro 30 years ago. Apra, then radically Leftist and now Socialist, overran an army garrison and killed many men.

When the army recovered the area many members of the Apra party were summarily executed.

Dr. Haya de la Torre and other Apra leaders remained in hiding here today. Gen. Manuel A. Odria, also a presidential candidate, was not at his home. General Odria and the Apra party had agreed before the coup to elect General Adria President in the congressional session that was to have been held July 28.

General Odria was placed third in the elections after Fernando Belaunde Terry of the Popular Action party.

Editorial reaction to the takeover in the major Peruvian newspapers was mixed today.

The police continued to occupy the offices of the Apra party newspaper La Tribuna and it did not appear for the second day.

El Comercio, which is violently anti-Apra, blamed President Prado and the National Electoral Board for having created the crisis that culminated in the coup. The papcr said the president and the board had favored Apra candidates in the June 10 elections.

La Prensa, published by Pedro G. Beltran, who was Premier under President Prado for 2 years, said the overthrow of the constitutional and democratic government of President Prado could be received only with pain and protest.

"The country requires above all the reestablishment of constitutional order," La Prensa said. "We hope that the armed forces understand this."

Expreso, which supported the presidential campaign of Fernando Belaunde Terry, said that the military coup "was not desirable although it may have been inevitable." The editorial said the Prado regime had "acted with an exquisite, but ultimately negative."

[From the Washington Post, July 20, 1962]

PRESIDENT CHIDES PERU; $81 MILLION AID CUT OFF

(By Carroll Kilpatrick)

President Kennedy yesterday expressed great concern over the military seizure of power in Peru and said that democracy has suffered a serious setback.

The President's statement was followed immediately by a State Department announcement suspending all aid to Peru with the exception of certain minor programs where humanitarian factors are involved.

Thc double action underlined the seriousness with which the administration views the Peruvian coup as a threat to the Alliance for Progress and a boost to Castroism in the hemisphere.

The Presidential criticism of the Peruvian junta that deposed President Manuel Prado, followed by 24 hours the suspension of diplomatic relations between Washington and Lima.

In announcing suspension of relations Wednesday, the State Department said we must deplore the overthrow of the constitutional government in Peru.

EIGHTY-ONE MILLION DOLLARS INVOLVED

The President's reaction was stronger. The decision to cut off aid to Peru will deny the new regime about $81 million which had been committed under the Alliance for Progress.

Moreover, it threatens Peru with denial of even larger aid sums which the administration had planned within the next year. State Department legal experts were considering the possibility of cutting out U.S. sugar purchases from Peru.

Some 200 Peace Corps volunteers have completed training and are ready to depart for Peru, but they will not leave the country until there has been a restoration of constitutional government, officials said.

The administration's aim is to try to bring enough pressure on the militarists to force them to back down in favor of some plan that would give Peru a democratic and constitutional regime.

White House Press Secretary Pierre Salinger rcad a statement to reporters which said that "the President has noted the developments in Peru with great concern."

The statement said it was the President's belief that the action of the Peruvian military leaders "to depose a democratically constituted govcrnment has contravened the common purposes inherent in the inter-American system and most recently restated in the Charter of Punta del Este."

The White House noted that Peru was one of the countries that pledged its support to the declaration.

"At the historic meeting, the signatories agreed to work together for the social and economic welfare of the hemisphere within a framework of developing democratic institutions," the statement said.

"The Declaration to the Peoples of America adopted at Punta del Este sets forth the aim 'to improve and strengthen democratic institutions through the application of the principle of self-determination by the people.'

"In the casc of Peru, this great cause has suffered a serious setback."

The State Department said the United States is considering two suggestions for dealing with the delicate and serious situation in Peru.

SUGGESTIONS STUDIED

These are Venezuela's proposal for a meeting of hemispheric Foreign Ministers to consider possible collective measures and a proposal made by some other members of the Organization of American States for a meeting of the Inter-American Peace Committee to study the situation.

The State Department emphasized that although Ambassador Loeb remains at his post he is not empowered to conduct diplomatic relations with the junta.

Experts here believed that if the right-wing dictatorship retained power there would be serious repercussions. Castroites would be quick to charge that the United States is secretly aligned with the militarists and is against democratic institutions.

[From the Washington Post, July 20, 1962]

PURGE GOVERNMENT OFFICIALS IN PERU

LIMA, July 19.—Peru's new military junta today purged government officials loyal to the ousted Prado regime and appeared to be planning to drive the big APRA people's party underground once again.

The party has enjoyed legal status only a dozen of its some 38 years of existence. It has been a target of the armed forces for more than 30 years.

The armed forces shut down the APRA party's newspaper, La Tribuna, and arrested whatever APRA leaders could be found. Most, however, including party president Raul Victor Haya de la Torre, appeared to be in hiding, perhaps in the Venezuelan Embassy.

Police with tear gas bombs and rubber truncheons scattered a crowd of demonstrators shouting "Liberty, liberty" in the downtown streets of Lima tonight. It was the second night in a row of crowd protests against the junta's seizure of power.

Hundreds of Peruvians cried "Down with military dictatorship" and "We want freedom." They set fire to an automobile and hurled stones at oncoming officers.

Merchants put steel shutters over their store fronts, but some windows were broken.

The junta arrested all members of the National Electional Board who certified Haya as the winner in the inconclusive June 10 elections.

The junta seemed determined to hold board members and oustcd President Manuel Prado responsible for what it termed the "fixed and fraudulent" pro-Haya election outcome. The junta used the alleged frauds to justify its seizure of power.

A junta member confirmed that the 72-year-old President was being held aboard a warship at the nearby port of Callao. He said Prado was "in good health and very well attended," but gave no indication of what his fate would be.

Others reported under house arrest were Jose Enrique Bustamente Corzo, president of the National Electoral Board; Minister of Government Ricardo Elias Aparicio; and radio commentator Juan Ramirez Lazo, who was seized after he went on the air to speak against the military takeover.

The junta ignored a U.S. Embassy offer to make a plane available to Prado to fly him into exile if the government wishes. The president's wife was with her parents.

The newspaper El Comercio Grafico said that the foreign diplomatic corps has asked Msgr. Romulo Carboni, the Papal Nuncio who is dean of the corps, to demand the president's freedom.

Mariano Prado, the president's nephew and head of the Prado financial empire, also was reported to be a prisoner aboard a warship.

Meantime, the commanders of Peru's five military regions announced that they supported the junta.

In Arequipa, Peru's second city, business interests declared a 48-hour work stoppage to protest the military coup.

Junta president, Gen. Ricardo Perez Godoy, in a television report to the nation, appealed for social justice for labor in an obvious bid for the support of the masses. He said the military coup was carried out to keep the "poor and the forgotten worker" from being deprived "of progress and social justice" through a fraudulent election.

Perez Godoy called on Peru's well-to-do for "an unprecedented effort" to aid in solving national social problems. He stressed the need for national development, teamed with Alliance for Progress aid, to bring social and economic justice to Peru "contributing to the (continental) fight against communism."

TAX CUT IRRESPONSIBLE WITH BIG BUDGET DEFICIT

Mr. PROXMIRE. Mr. President, I wish to speak briefly on another subject.

This morning the newspapers have reported the fact that the Federal budget

wound up fiscal year 1962 with a deficit of $6.3 billion.

The estimate is that the deficit for the coming fiscal year, even if there is no tax cut, will be $4.9 billion.

If there were a tax cut in the neighborhood of $7½ to $10 billion, even allowing for an increase in revenues which that tax cut might develop, there would still be a deficit which would rival the alltime record in a period of peace of from $12 to $13 billion in the fiscal year 1959. That would come at a time when the economy seems to be expanding. It would come at a time when we have enjoyed the greatest increase dollarwise in our gross national product in peacetime in our history. It would come at a time when, as Fortune magazine—which is careful and conservative in its estimates—has said, we shall probably have an equally large increase in the gross national product in the coming year.

MARTIN WOULD TAKE ECONOMIC STEAM OUT OF TAX CUT

It seems to me that under those circumstances a tax cut makes no sense. William McChesney Martin, Chairman of the Federal Reserve Board, testified before the House Committee on Banking and Currency a couple of days ago that in the event there should be a tax cut, most of the steam of such a tax cut would be taken out because the Federal Reserve would follow a policy of making sure that Treasury deficits would be financed by selling bonds to the public rather than to commercial banks.

As a writer in the Washington Post properly observed this morning—

> Mr. Martin has in effect proposed that the Federal Reserve Board should pursue a tight money policy at a time when the Government is attempting to stimulate economic activity by incurring a fiscal deficit. Clearly the two policies are sharply at variance: aggregate demand would be increased by the fiscal deficit while the supply of money would be tightened and interest rates raised.

I submit that a tight money policy following a tax cut makes no sense at all. Certainly a tax cut under those circumstances would be very contradictory, and would be unprecedented at a time when the head of the Federal Reserve Board has taken the attitude he has expressed.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. JAVITS. On the question of a proposed tax cut, the Senator will remember that this morning the Committee on Banking and Currency considered the prospective nomination of a member of the Council of Economic Advisers. Possibly by this time the nomination has been approved.

Personally I believe in an incentive tax cut. I agree with the Senator that such a cut should not be negated by other agencies of the Government. Does not the Senator accept what Dr. Ackerly defined as a difference between an across-the-board tax cut which would increase the deficit, and a change in the fundamental structure of the tax system which could give incentive to new investment as well as incentive to the consumption of hard goods and the purchase of housing? Is that not really what we ought to do in view of past experience? We cannot wait until it happens. That is the danger in the present situation. We are edging over into a position in which our past experience indicates that we are likely to have a downturn rather than an upturn.

Mr. PROXMIRE. First let me say to the Senator from New York that I am delighted that he agrees that at a time when we are trying to move the economy ahead with a deficit or a proposed tax cut, other agencies should not be canceling out that effect with a tight money policy.

With respect to the question of whether we should or can have an incentive tax cut, that is an especially pertinent question. The Finance Committee has been considering a so-called tax reform bill which would have some effect on the tax structure. The so-called investment credit is designed to do that. I do not believe the proposed measure would do it very well. Many people in the business community do not think so. An announcement was made by the President that corporation income taxes will be reduced by $1½ billion because depreciation allowances will be increased. It will be far easier for business to depreciate a plant and use those depreciation funds to acquire machinery and equipment.

That, too, should provide an incentive tax cut in that sense. But I think the kind of tax cut that has been generally discussed—a tax cut of 4 percentage points for individuals and 4 percentage points for corporations—would not, in my judgment, be the kind of incentive tax cut to which the Senator from New York is referring. It would certainly have the effect of reducing overall revenues and increasing the deficit.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. JAVITS. Businessmen do not want that kind of tax cut. Perhaps they are wrong. I agree with the Senator from Wisconsin that they do not want such a cut. A change in depreciation schedule is good, but it is not a fundamental change, in the sense that the formula in the law remains. We can bring about a materially greater increase in Government buying if we change the fundamental formula by which depreciation is ascertained, which, incidentally, would also have a tendency to bring taxes down by perhaps another $1 billion in a very good area.

The other point I had in mind is that provision would be made for corporations. Perhaps it would be as little as two points. The other point is that a measure should eliminate all taxes on people who are earning less than $2,000. It is fantastic that people earning less than $2,000 still pay a tax, which results in an income to the Government of about $500 million. Also, we should do something about those in the very high brackets. There should be a reduction from a rate of 91 percent to 65 percent.

It seems to me that what we are shooting for—and I think it would be wonderful if we could get it—is a measure of agreement between thoughtful people like the Senator from Wisconsin, perhaps myself, and others who have spoken on the subject on an incentive tax cut which would be accepted as an incentive. That is the trouble with an equipment credit.

It is not accepted as an incentive. Very clearly, the business community would not use it for that purpose. I hope very much that the Senator will continue what he is doing. I will continue what I am doing along those two lines.

First, there should be a tax cut of an incentive character. I feel strongly on that subject. I think now is the time. We should be vigilant to see that it is not washed out by a high interest rate policy or other monkey business on the part of some Government agency.

I am delighted to join in the colloquy with the Senator from Wisconsin in order to develop our ideas together.

Mr. PROXMIRE. I thank the Senator from New York very much. While I concur heartily in much of what he has said, I feel that a very serious problem confronts the President, the Finance Committee, the responsible agencies in the Government, and Congress to arrive at a tax cut that will be acceptable. Many people favor a tax cut. But when we come to specifying the details to determine the kind of tax cut it should be, it is difficult to obtain a consensus. It is difficult to get a majority of the Finance Committee or a majority of the Senate to go along with such a proposal.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield to the Senator from Alabama.

Mr. SPARKMAN. I commend the Senator for bringing up the subject for discussion at this time, even though the time is limited. I am in substantial agreement with what the Senator from Wisconsin has said and what the Senator from New York has said.

However, I differ with what the Senator from New York has said with reference to an incentive tax allowance or equipment credit not being utilized by business. I think it would be utilized. It is true that some segments of business express their displeasure with it because they are expressing a preference for a better depreciation schedule. But such expression would not mean that they would not use the investment credit. I predict that they would use it. In 1954 we provided an allowance to some extent on new equipment. I am of the impression that full advantage of the provision has been taken since that time.

Mr. PROXMIRE. The Wall Street Journal made a careful survey of approximately 67 firms, to the best of my recollection, to find out whether they would use the investment credit proposed by the administration to change their investment policy and whether they would buy more equipment. Of the 67 firms, 66 replied that they would not change their policies. It would not have

much effect. One—I believe RCA—said that it would.

Furthermore, another distinguished business group has made a careful investigation. They estimated that the impact on the economy would be an increase in the gross national product of $300 million—one-third of a billion dollars—with a tax cut of more than $1 billion. That would not seem to add up to approval of the most responsible and informed business people.

Mr. SPARKMAN. I admit that if if the proposal were measured at short range, there would be that kind of effect. I am thinking about its reach into years to come. In the first year the effect would be rather small. This proposal was devised within the framework of a desire expressed by men in business for a better depreciation arrangement. The President has now come through with a better depreciation schedule. I do not believe it is good enough. It is good enough to start.

Many years ago, when we still had the excess profits tax, on the floor of the Senate I said I hoped the time would come when we might have a rather free depreciation. Of course, there would have to be certain reasonable limitations on it. But I believe it would be to the advantage of the economy of our country and to the advantage of government in the long run to have a much freer depreciation arrangement than is provided for even under the new arrangement.

Mr. PROXMIRE. Mr. President, I should like to add one point in respect to the criticism of investment credit. I feel deeply the significance of the point. It would be the first time that business would be enabled to depreciate more than 100 percent. That would be true even with the Long amendment, which would decrease the proportion of assets that could be depreciated from 100 percent to 93 percent. That would be the first loophole, the first opening to enable a business to depreciate not 100 percent, but more than 100 percent. I think that this would be a serious technical mistake for us to make. Once we drive that kind of loophole into the tax laws, it could begin to spread out, as the depletion allowance has done. We would diminish the force of our revenue system and make mandatory the very high rates which are a drag on economy.

Mr. SPARKMAN. I agree with the Senator that safeguards must be thrown around it. When I said what I did about freer depreciation, I meant it would have to be within the framework of reasonable limitations on both ends. We ought to work toward that kind of situation. I should like to call to the attention of the Senator from Wisconsin the fact that for several years the Small Business Committee of the Senate has recommended a deductibility for income tax purposes of sums reinvested in equipment. As far as that is concerned, we even recommended that it might go to increased inventories.

Mr. PROXMIRE. Yes.

Mr. SPARKMAN. In other words, if they could plow back into their business some of their earnings, we would see a stimulation of small business. It seems to me that sort of situation goes across the board for all business. I believe that here is a great opportunity toward achieving that end. I hope it will be taken care of.

Mr. PROXMIRE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point an editorial published in the Washington Post entitled "Martin on Monetary Policy"; an article published in the New York Times entitled "Loans to Business Drop $173 Million"; and an excerpt from an article published in the Wall Street Journal dealing with the Federal budget.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post]

MARTIN ON MONETARY POLICY

Chairman William McChesney Martin of the Federal Reserve Board in his testimony before the House Banking and Currency Committee raised an issue that goes to the very heart of an effective fiscal-monetary policy when he declared that future Treasury deficits should be financed by selling Government bonds to the public rather than to the commercial banks or the Federal Reserve Banks. Since selling bonds to the public lowers commercial bank reserves, Mr. Martin has in effect proposed that the Federal Reserve Board should pursue a tight money policy at a time when the Government is attempting to stimulate economic activity by incurring a fiscal deficit. Clearly the two policies are sharply at variance: aggregate demand would be increased by the fiscal deficit while the supply of money would be tightened and interest rates raised.

Doubtless Mr. Martin was discomfited by Representative WRIGHT PATMAN'S hypothetical questions, and he was troubled, as any responsible central banker must be, over the country's balance-of-payments deficit. Nevertheless his strictures on the financing of a deficit will not withstand critical scrutiny. A compenstory fiscal policy cannot succeed unless the central banking authorities move in the direction of monetary ease or, at least maintain a neutral position. And while it is true that account must be taken of the balance-of-payments position, concern on the score should not be permitted to paralyze efforts to bolster the national economy.

[From the New York Times, July 20, 1962]

LOANS TO BUSINESS DROP $173 MILLION

Business loans at major New York City commercial banks declined $173 million in the week ended Wednesday, the Federal Reserve Bank of New York reported yesterday.

During midsummer, business loans usually reach their low point of the year. During the like week a year earlier, the decline was $11 million. The latest week's drop, however, was the biggest weekly decline since October 5, 1960.

The U.S. Treasury gold stock remained unchanged in the week.

CURRENCY DEALS MADE

The Federal Reserve Bank of New York said yesterday that it had concluded two more exchanges of currency with foreign financing agencies abroad. The latest exchanges, amounting to $100 million each, were with Banque National Suisse and with the Bank for International Settlements.

The arrangements, which include forward cover for both parties to the agreement, are similar to those concluded recently with the Bank of France, the Bank of England, the Netherlands Bank, the National Bank of Belgium, and the Bank of Canada. In all, $650 million in U.S. dollars now have been exchanged for equivalent amounts of foreign currencies.

The Federal Reserve Bank of New York, acting in behalf of the Federal Reserve System, is building a store of foreign currencies for possible intervention in foreign exchange markets to counter speculation abroad that might weaken the U.S. dollar.

The Reserve System moved to tighten free reserves of the Nation's commercial banking system during the week ended Wednesday. Through open market operations—selling U.S. Government securities, which absorbs the banks' reserves—the System lowered the level of net free reserves of $377 million from the previous week's adjusted level of $491 million on daily average.

Last week and the preceding week, the level of free reserves had increased but it was not attributable to any conscious effort on the part of the monetary authorities. Rather it reflected in part a huge flow of currency and checks in and out of the banking system in unanticipated volume.

The commercial banks' pool of net free reserves reflects their credit extension capacity. For the last year and a half, the banks have had ample free reserves to extend as loans and investments. Since June, however, the monetary authorities have reduced somewhat the banks' supply of lendable funds. The new reserve target is thought to be a level of $300 to $400 million down from the $400 to $500 million level the central banking system had been aiming at in controlling the free reserve levels since last December.

[From the Wall Street Journal]

BUSINESS AND FINANCE

The Federal budget wound up fiscal 1962 with a deficit of $6.3 billion, somewhat less than the $7 billion estimated earlier. The red ink showing for the year ended June 30 followed a $3.9 billion deficit in fiscal 1961, and congressional sources have projected a fiscal 1963 deficit of $4.9 billion at present tax rates.

The Kennedy administration has been pondering income tax cuts of $5 to $7 billion this summer as an antirecession device. If such a program is recommended and approved by Congress, the fiscal 1963 deficit could approach the record peacetime total of $12.4 billion in fiscal 1959.

FOREIGN ASSISTANCE ACT OF 1962—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. CLARK. Mr. President, I should like to turn the attention of my colleagues to the pending business, the conference report on the mutual security bill. I shall support the conference report with my vote. I commend the Senator from Alabama for the fine work he did in bringing the bill back to about where the President would like to see it.

I am particularly pleased that the prohibition against the loan to the United Nations, imposed by the House, was stricken. I am delighted that the Proxmire amendment was stricken. I am glad that no vestige of the Lausche amendment remains except with respect to certain language. I am confident that

the overwhelming majority of the American people, including the overwhelming majority of the people of Pennsylvania, are not much interested in flag waving against communism. They would like to see hungry people fed. They would like to see the President with adequate flexible authority to utilize the power of the United States where he believes it can best be utilized in order to diminish Russian power through helping the nations of Eastern Europe in their efforts—and the people of those nations are almost unanimous in those efforts—to free themselves from the Communist yoke. The action we took in the Senate 2 or 3 weeks ago was immature. I do not believe it was in the national interest. I am happy to vote in favor of the conference report.

Mr. HRUSKA. Mr. President, I should like to direct a question to the Senator from Alabama with respect to section 251, subparagraph (c), for the information of the Senate. The language I refer to is contained on page 13170 of the CONGRESSIONAL RECORD. That paragraph starts:

> No assistance shall be provided under this act to the government of any country which is indebted to any United States citizen or person for goods or services furnished or ordered—

And so forth. There are other places later in that section where the words "or person" are found.

The question I should like to ask the Senator from Alabama is why the words "or person" were inserted in that paragraph where they did not exist before.

Mr. SPARKMAN. I shall be very glad to respond to the Senator's question. Upon examining the language that was in the bill, in both the Senate and House versions, we realized, after some discussion, that the word "citizen," which was used in both versions, might not and probably did not cover as broad a ground as the term "person."

The Senator knows that under the 14th amendment to the Constitution the word "person" has been construed to include corporations. We felt that the word "citizen" did not include corporations. I call the Senator's attention to the fact that in another place we use the word "entity." We felt that we wanted the individual, the corporation, and the partnership covered. It is our intention to use language that legally will accomplish our objective.

Mr. HRUSKA. Therefore, by using the word "person," we intend to include a corporation, a partnership, and an association that is substantially owned by U.S. citizens?

Mr. SPARKMAN. That is correct. As I said, in another place we also use the term "entity," because we felt that term should be used.

Mr. HRUSKA. The same intention prevails in that regard?

Mr. SPARKMAN. Yes.

Mr. HRUSKA. I thank the Senator.

Mr. HUMPHREY. Mr. President will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. HUMPHREY. I merely wish to associate myself with the interpretation stated by the Senator from Alabama. I was the author of this particular amendment. At the time the amendment was offered, it was my view, obtained from legal counsel, that the word "citizen" would be adequate. However, on careful examination and after we had a discussion of the matter in the conference committee, it was felt that in order to remove any doubt, any ambiguity, any uncertainty, the word "person," which as a legal base in the courts of the United States and in international courts——

Mr. HRUSKA. And in the statutes.

Mr. HUMPHREY. We felt it should be used so that there would be no doubt that it includes corporations, partnerships, and individuals.

Mr. HRUSKA. I thank the Senator from Minnesota.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed, without amendment, the bill (S. 2147) for the relief of Felipe O. Pagdilao.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H.R. 7727) to amend title 10, United States Code, to permit members of the Armed Forces to accept fellowships, scholarships, or grants.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 11289) making appropriations for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MAHON, Mr. SHEPPARD, Mr. CANNON, Mr. FORD, and Mr. TABER were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a bill (H.R. 12391) to improve and protect farm income, to reduce costs of farm programs to the Federal Government, to reduce the Federal Government's excessive stocks of agricultural commodities, to maintain reasonable and stable prices of agricultural commodities and products to consumers, to provide adequate supplies of agricultural commodities for domestic and foreign needs, to conserve natural resources, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 46) to provide for the establishment and administration of basic public recreation facilities at the Elephant Butte and Caballo Reservoir Areas, N. Mex., and for other purposes, and it was signed by the Vice President.

FOOD AND AGRICULTURAL ACT OF 1962

The VICE PRESIDENT. The Chair lays before the Senate the bill (H.R. 12391) to improve and protect farm income, to reduce costs of farm programs to the Federal Government, to reduce the Federal Government's excessive stocks of agricultural commodities, to maintain reasonable and stable prices of agricultural commodities and products to consumers, to provide adequate supplies of agricultural commodities for domestic and foreign needs, to conserve natural resources, and for other purposes.

The bill (H.R. 12391) was read the first time.

The VICE PRESIDENT. Is there objection to the second reading?

Mr. AIKEN. Yes.

Mr. DIRKSEN. I object.

The VICE PRESIDENT. Objection is heard. Under the rule the bill will go over for a day.

FOREIGN ASSISTANCE ACT OF 1962—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. AIKEN. Mr. President, I am not fully satisfied with the conference report on the foreign aid program. There are some provisions in it which I believe could be improved and some things that could be left out. There are undoubtedly some things that could be added. However, I do want to say that we cannot run the risk of suddenly cutting ourselves off from the rest of the world in these programs. I can express the hope that the administration of these programs will be better than it has been for the last 2 or 3 years. It appears now that this is the best agreement that we can reach between the House and the Senate.

On some points we were quite wide apart. For instance, the House, by a vote of 277 to 4, approved giving the President authority to deal with Yugoslavia. The Senate was not as tolerant or as lenient as that. However, I believe we have reached the best arrangement that we can reach, and whether it is satisfactory or not, it is better than to discard the entire program at this stage of the game.

Mr. MANSFIELD. Mr. President, will the Senator from Vermont yield?

Mr. AIKEN. I yield to the Senator from Montana.

Mr. MANSFIELD. I associate myself with the statement of the distinguished Senator from Vermont. He and the distinguished Senator from Indiana [Mr. CAPEHART] and the distinguished Senator from Iowa [Mr. HICKENLOOPER] were the Republican members of the Senate committee attending the conference on the foreign aid authorization bill.

Since the foreign aid program has been in operation, I have never been fully satisfied with it. As a matter of fact, I have been perhaps dissatisfied on more occasions than I have been satisfied. It is an impossibility to develop a perfect program. It is impossible to meet the objections or criticisms of every Member of the Senate. But I assure the Senate that this conference committee sub-

mitted as good, as fair, and as reasonable a report as possible. It was done on the basis of our own contact with the House committee. There was no outside pressure, from the administration or elsewhere. What we have brought back to this body is the best which we, in good conscience, could report.

Mr. JAVITS. Mr. President, will the Senator from Vermont yield?

Mr. AIKEN. I yield to the Senator from New York.

Mr. JAVITS. I, too, wish to associate myself with the statement of the Senator from Vermont and to add two points.

First, the bill is a landmark in its recognition of private enterprise participation in foreign aid. It makes provision for participation by the Committee on Commerce in the Alliance for Progress. This is the first such recognition that this type of activity has had.

Second, with respect to the much-debated question of Yugoslavia and Poland, it is my firm opinion that the country does not want to tie the hands of the President in dealing with those countries while there still remains some chance of their becoming independent. Whether Gomulka is Khrushchev's personal slave or not—and we all believe he is—I believe, because I have been in Poland, as have other people from this country, that there is some residual spark of independence. When we consider that the cost of this program is minor, as compared with what it would cost, if there were a blowup of this situation, to beat the Soviet Union, except by this means of undermining support in its own satellite country, one day, it seems to me the conferees had no other choice.

I know how the Senator from Vermont feels about the report. I pay tribute to him for subordinating even his own strong views in order to give the President the freedom of action which I think is indispensable to our success in the cold war.

Mr. AIKEN. Mr. President, this is probably the best arrangement that can be reached for this year. Even though we are not completely satisfied with it, the report should be approved. The debate that has taken place on the floor of the Senate probably has not been too damaging. I think the people of the United States will be assured that we are each year giving more careful scrutiny to the foreign aid program. Also, we may give a warning to many other countries in the world, which have been looking to us for aid, some of them for the purpose of using their own funds to generate revolutions, that we will be much more careful in the future in dealing with them, too.

Mr. HOLLAND. Mr. President, I intend to vote, although with some reluctance, for this conference report. I wish to put the conference report on the basis of a clearer statement of its meaning than I have heard, at least up to this time.

The conference report deals with a fresh authorization, for this year, fiscal 1963, for economic aid only. Last year we authorized military aid for this year in the amount of $1.5 billion. Last year we authorized a Development Loan Fund to extend over a period of years. This year there is a budget request of $1.25 billion for this objective making a total of $2.75 billion of 1963 authorizations which are not before us at this time.

However, there is before us now a request for economic aid for this year in the amount of $1.8 billion, as I understand, which includes $600 billion for the Alliance for Progress to which we are committed. The other $1.2 billion is for aid outside this hemisphere, plus our contributions to international organizations, and the like. In other words, we are considering now only a fraction and, at that, not a huge fraction of our total aid program for this year. This makes it easier to swallow some of the provisions in the conference report, which to me, at least, are not what they should be.

I particularly object to the elimination from the conference report of the provision voted very deliberately on the floor of the Senate, that, except for grants of food, subject to reasonable conditions, aid should not be given to Communist nations. I refer to economic aid of any sort other than what I have mentioned in connection with Public Law 480.

It seems to me that we must consider these proposals from the standpoint of their overall implications. I should say that last year we authorized roughly two-thirds of the proposed programs for this year. That part of the program which is now before the Senate is all that really concerns us in this particular authorization. Because of that fact, and because we voted for this and larger authorizations last year, and because the Committee on Appropriations, of which I am a member, will still have the duty of passing upon the appropriations bill for this year, I shall, very reluctantly, vote for the conference report. I shall do so not only for the reasons cited, but because it has been made completely clear by the attitude of the Presidents coming from both parties for the last 20 years—namely, President Truman, President Eisenhower, and President Kennedy—who formulate and announce our foreign policy, that foreign aid is an important and a necessary part of our foreign policy. It has been made clear to us by those who fix our defense policies, namely, the President, the Secretary of Defense, and the Joint Chiefs of Staff, that the whole program includes a very important part of our defense security structure.

For the reasons stated, I shall vote for the conference report. However, I serve notice that this year I will be tougher to deal with in the Committee on Appropriations than I have been heretofore, because I believe too much has been surrendered in the conference report as compared with the bill passed by the Senate.

Mr. COTTON. Mr. President, despite the fact that I am a supporter of the foreign aid policy, I shall vote against the conference report. I shall do so because I know that if this report is rejected, another conference would be held on the foreign aid authorization bill and it would come back to us for passage.

If this conference report is agreed to, we shall have relinquished for at least 1 full year the opportunity to implement the overwhelming wishes of the Senate and what I believe to be the wishes of the people of the country that there be an ironclad, safe, secure provision against aid to Tito's Yugoslavia and other Communist countries.

Mr. SPARKMAN subsequently said: Mr. President, I ask unanimous consent that there be printed in the RECORD at a point just prior to the yea-and-nay vote on the conference report an editorial from the Huntsville Times, of Huntsville, Ala., for July 10, 1962, entitled "Aid for Yugoslavia?"

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

AID FOR YUGOSLAVIA?

A man of considerable prestige and expertise on Communist affairs has been thrown into the administration's foreign-aid battle in Congress.

In an unprecedented use of an ambassador, George F. Kennan has been enlisted to explain to Members of the House the facts about U.S. aid to Yugoslavia, the country to which he is assigned as chief of mission.

Kennan, the former Ambassador to Russia and famed as the author of the Government's containment policy in the late 1940's, has quietly made appointments with key Congressmen and briefed them on Yugoslavia policy and aims, as he sees them. He has not asked any of them for commitments to vote against what the administration regards as crippling amendments that would force the President to deny aid to Yugoslavia and other Communist countries attempting to assert their independence of Moscow.

Kennan, according to administration officials as well as congressional sources, has simply outlined what the Yugoslavs are trying to do, the degree of independence they have shown toward Moscow, and the degree of freedom they have.

We would ask the reader to consider that—

Yugoslavia is not a member of the Soviet-inspired Warsaw pact.

It has no restrictions against Western radio broadcasts and movie imports.

Its people can subscribe to the Western press.

It allows three U.S. Information Agency libraries to flourish in major cities.

The United States knew Yugoslavia was a Communist country in 1949–50 when Washington made the decision to help Marshal Tito maintain his independence from the Soviet bloc. That nothing has happened to cause a change now.

In short, it would seem that it is in the interests of the United States. and the West to permit the President to decide whether Yugoslavia should continue to be aided through loans involving American surplus foodstuffs and through trade arrangements that do not discriminate against it.

The VICE PRESIDENT. The hour of 1 o'clock having arrived the Senate will now proceed, under the provisions of the unanimous-consent agreement previously entered into, to take a yea-and-nay vote on the question of agreeing to the conference report on Senate bill 2996, the Foreign Assistance Act of 1962.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HART (when his name was called). On this vote, I have a live pair with the senior Senator from Oregon [Mr. MORSE]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Tennessee [Mr. GORE], the Senator from North Carolina [Mr. JORDAN], the Senator from Louisiana [Mr. LONG], the Senator from Oklahoma [Mr. MONRONEY], and the Senator from Oregon [Mr. MORSE] are absent on official business.

I further announce that the Senator from Arkansas [Mr. FULBRIGHT] is necessarily absent.

On this vote, the Senator from Arkansas [Mr. FULBRIGHT] is paired with the Senator from Utah [Mr. BENNETT]. If present and voting, the Senator from Arkansas would vote "yea," and the Senator from Utah would vote "nay."

On this vote, the Senator from Oklahoma [Mr. MONRONEY] is paired with the Senator from Kansas [Mr. PEARSON]. If present and voting, the Senator from Oklahoma would vote "yea," and the Senator from Kansas would vote "nay."

On this vote, the Senator from Louisiana [Mr. LONG] is paired with the Senator from Tennessee [Mr. GORE]. If present and voting, the Senator from Louisiana would vote "nay," and the Senator from Tennessee would vote "yea."

I further announce that, if present and voting, the Senator from North Carolina [Mr. JORDAN] would vote "nay."

Mr. KUCHEL. I announce that the Senator from Colorado [Mr. ALLOTT] is absent on official business.

The Senator from Utah [Mr. BENNETT], the Senator from Indiana [Mr. CAPEHART], the Senator from Arizona [Mr. GOLDWATER], the Senators from Iowa [Mr. HICKENLOOPER and Mr. MILLER], the Senator from Kentucky [Mr. MORTON], the Senator from New Hampshire [Mr. MURPHY], the Senator from Kansas [Mr. PEARSON], and the Senator from Pennsylvania [Mr. SCOTT] are necessarily absent.

If present and voting, the Senator from Colorado [Mr. ALLOTT] and the Senator from Arizona [Mr. GOLDWATER] would each vote "nay."

On this vote, the Senator from Kentucky [Mr. MORTON] is paired with the Senator from Indiana [Mr. CAPEHART]. If present and voting, the Senator from Kentucky would vote "yea," and the Senator from Indiana would vote "nay."

On this vote, the Senator from Pennsylvania [Mr. SCOTT] is paired with the Senator from New Hampshire [Mr. MURPHY]. If present and voting, the Senator from Pennsylvania would vote "yea," and the Senator from New Hampshire would vote "nay."

On this vote, the Senator from Arkansas [Mr. FULBRIGHT] is paired with the Senator from Utah [Mr. BENNETT]. If present and voting, the Senator from Arkansas would vote "yea," and the Senator from Utah would vote "nay."

On this vote, the Senator from Oklahoma [Mr. MONRONEY] is paired with the Senator from Kansas [Mr. PEARSON]. If present and voting, the Senator from Oklahoma would vote "yea," and the Senator from Kansas would vote "nay."

The result was announced—yeas 56, nays 27, as follows:

[No. 123 Leg.]

YEAS—56

Aiken	Engle	McNamara
Anderson	Hartke	Metcalf
Bartlett	Hayden	Moss
Beall	Hickey	Muskie
Boggs	Hill	Neuberger
Burdick	Holland	Pastore
Bush	Humphrey	Pell
Butler	Jackson	Prouty
Byrd, W. Va.	Javits	Randolph
Cannon	Keating	Saltonstall
Carlson	Kefauver	Smathers
Carroll	Kerr	Smith, Mass.
Case	Kuchel	Smith, Maine
Church	Long, Mo.	Sparkman
Clark	Long, Hawaii	Symington
Cooper	Magnuson	Williams, N.J.
Dirksen	Mansfield	Yarborough
Dodd	McCarthy	Young, Ohio
Douglas	McGee	

NAYS—27

Bible	Ervin	Robertson
Bottum	Fong	Russell
Byrd, Va.	Gruening	Stennis
Chavez	Hruska	Talmadge
Cotton	Johnston	Thurmond
Curtis	Lausche	Tower
Dworshak	McClellan	Wiley
Eastland	Mundt	Williams, Del.
Ellender	Proxmire	Young, N. Dak.

NOT VOTING—17

Allott	Hart	Morse
Bennett	Hickenlooper	Morton
Capehart	Jordan	Murphy
Fulbright	Long, La.	Pearson
Goldwater	Miller	Scott
Gore	Monroney	

So the report was agreed to.

Mr. SPARKMAN. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS, 1963

Mr. PROXMIRE obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wisconsin yield?

Mr. PROXMIRE. I ask unanimous consent that I may yield to the Senator from Montana.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate and made the pending business.

The VICE PRESIDENT. Without objection, it is so ordered.

The Senate resumed the consideration of the bill (H.R. 10904) making appropriations for the Departments of Labor, and Health, Education, and Welfare for the fiscal year ending June 30, 1963, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the Proxmire amendment to H.R. 10904, the Labor and Health, Education, and Welfare appropriation bill.

HOLDING BY INTERNATIONAL COURT OF JUSTICE THAT ASSESSMENTS VOTED BY UNITED NATIONS FOR CONGO AND MIDDLE EAST OPERATIONS ARE BINDING

Mr. MANSFIELD. Mr. President, the International Court of Justice has today affirmed that the assessments voted by the General Assembly of the United Nations to finance peacekeeping operations of the organization in the Congo and the Middle East are legally binding on the member states. This historic opinion is of fundamental importance to international law and to the present and future capacity of the United Nations to maintain peace.

The U.S. Government consistently has been of the view that the assessments in question are "expenses of the organization" within the meaning of the United Nations Charter, and thus binding upon the members. The Legal Adviser of the Department of State so argued before the International Court of Justice during its consideration of this issue.

The Court's opinion will strengthen the effort of the Secretary General to collect arrearages on assessments to finance the U.N. peacekeeping missions in the Congo and the Middle East. Some members have not paid these assessments, claiming that they were not legally binding. In view of the Court's opinion, this claim is plainly not tenable.

Collection of outstanding arrearages on these two accounts would help the United Nations to pay accumulated bills for these two missions through the period ending June 30 of this year. Financing the Congo and Middle East operations beyond June 30, however, depends upon the success of the United Nations proposal to borrow $200 million. No assessments have been voted for these operations after June 30. Expenses for the Congo and Middle East missions are now running at approximately $11.5 million per month. Forty-four nations have purchased or pledged $72.4 million toward the $200 million so far. The U.S. Senate has passed a bill authorizing the President to lend up to $100 million to the United Nations, and the House Foreign Affairs Committee is currently holding hearings on this legislation.

I thank the Senator from Wisconsin.

ORDER OF BUSINESS

Several Senators addressed the Chair.

The VICE PRESIDENT. The Senator from Wisconsin has the floor.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that I may yield 1 minute to the Senator from Kansas [Mr. CARLSON] without losing my right to the floor.

The VICE PRESIDENT. Is there objection to the request of the Senator from Wisconsin? The Chair hears none; and, without objection, the Senator from Kansas is recognized for 1 minute.

ADMISSION OF RED CHINA INTO THE UNITED NATIONS

Mr. CARLSON. Mr. President, at a general convention of the Churches of God—Holiness—which met in annual business session recently in Overland Park, Kans., the convention unanimously adopted a resolution opposing the admission of Red China into the United Nations.

As we are considering the adoption of the conference report on foreign aid authorization, I ask unanimous consent that the resolution be made a part of these remarks.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Resolved, That we continue to oppose the seating of Communist China in the United Nations, thus upholding international morality and keeping faith with the thousands of American youths who gave their lives fighting Communist aggression in Korea. To seat Communist China which defies, by word and deed, the principles of the United Nations Charter would be to betray the letter, violate the spirit, and subvert the purposes of the charter. We further continue to oppose U.S. diplomatic recognition or any other steps which would build the power and prestige of the Chinese Communist regime, to the detriment of our friends and allies in Asia and of our national security. Any such action would break faith with our dead and the unfortunate Americans still wrongfully imprisoned by Communist China, and would dishearten our friends and allies in Asia whose continued will to resist Communist China's pressures and blandishments is so vital to our own security interests in that part of the world.

GREAT EXAMPLE AT WEST POINT

Mr. CARLSON. Mr. President, in 1961 it was my pleasure to appoint the first Negro boy from Kansas to ever enter the Military Academy at West Point. His name is Joseph B. Anderson, Jr., of Topeka. Joe Anderson is on the dean's list for the second term at West Point. He is in the upper 30 percent of his class. Personally I am proud of the record he is making. I would like to call attention to the fine editorial that recently appeared in the Wellington Daily News of Wellington, Kans. So I ask unanimous consent that it be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

GREAT EXAMPLE AT WEST POINT

Joseph B. Anderson, Jr., of Topeka, may not know it, but he has personally kicked the dickens out of reported malicious rumors that Kansas is a State loaded with race prejudice and discrimination.

The young West Point [U.S. Military Academy] cadet had help, of course, but his splendid achievements were gained for the most part through his own ability and hard work.

Joe Anderson is on the dean's list for the second term at West Point. He is in the upper 30 percent of his class, a member of the cadet choir and glee club at the academy and has been a solist in several programs of the choir and glee club.

Joe, incidentally, is a Negro.

"We hope this knowledge will serve as an incentive to other young persons that there is recognition for ability and perseverance, there is a payoff for hard work in study, in wholesome living," the Kansas Commission on Civil Rights said. "Of course, not everyone can go to West Point, but there are now other career goals for which the human ingredients of ability, self-improvement through persevering hard work and study, and character reflecting wholesome living are the only qualifications."

The commission added, "Maybe this information may serve to squelch the persistent, stereotyped rumor that Kansas is a State loaded with prejudice and discrimination. For whoever the Kansas Congressman was who appointed Joe Anderson to West Point, he merely reflected the predominant attitude of Kansas citizens who would find this wholly acceptable."

Kansas has made an admirable example for other States to follow. Joe Anderson has done the same for young boys from all walks of life.

ORDER OF BUSINESS

Mr. PROXMIRE. Mr. President, I ask unanimous consent that I may yield 1 minute to the Senator from Tennessee [Mr. KEFAUVER] without losing my right to the floor.

The VICE PRESIDENT. Is there objection to the request of the Senator from Wisconsin? The Chair hears none; and, without objection, the Senator from Tennessee is recognized for 1 minute.

REPORT OF THE U.S. CITIZENS COMMISSION ON NATO

Mr. KEFAUVER. Mr. President, the U.S. Citizens Commission on NATO recently made a very provocative report to Congress on the recommendations of the Atlantic Convention of NATO Nations. This Convention recommended that we must form a "true Atlantic Community" within the next decade, and made specific recommendations as to how that might be achieved.

These recommendations included: the creation of a Permanent High Council to prepare and concert policies on political, economic cultural and military matters; the development of a consultative Atlantic Assembly to review and debate questions of concern to the Atlantic community; and the establishment of a high court of justice to settle legal differences.

To facilitate the suggested reforms, the appointment of a special governmental Commission was recommended. Its purpose would be to study the organization of the Atlantic community and to propose such reforms and simplifications of existing institutions and such new institutions as may be deemed necessary.

The report of the Commission has aroused widespread editorial comment throughout the United States. Mr. President, I ask unanimous consent to place a series of these editorials, which have come to my attention from various parts of the Nation in the RECORD at this point in my remarks.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Elizabeth (N.J.) Journal, June 20, 1962]

NOTICE TO FRANCE ON ATOMIC ARMS

Secretary Rusk has departed on the NATO circuit, hopeful that he can strengthen the Atlantic compact, that he can convince all members of the expediency of unity on nuclear arms, and particularly that France can be kept in line. A few factors are encouraging: Mr. Khrushchev at the moment says war over Berlin is not necessary, and saber rattling generally is at the ebb.

The attitude of the intransigent President de Gaulle ranks all the other impediments. He simultaneously is the stanchest of the Western leaders and the most worrisome. His emerging success in Africa will have exalted his hold upon his country and given him fresh boldness in demanding atomic status.

The general's career, when even briefly recalled, accounts for the forthrightness of Secretary of Defense McNamara in cautioning the West to keep its nuclear potential gathered under NATO on the Continent. That, of course, does not foreclose the independent and constantly related management of their own atomic weapons by the United States and Great Britain.

NATO has fabricated a pattern for arms control that should not be breached, which probably would happen if President de Gaulle took his country out of that compact. A single nation conceivably might be more willing to unleash atomic warheads than would a council of heads of state.

Secretary McNamara also presented a code for the retaliatory fire if nuclear war began. That expressed the official opinion of Washington—and probably London—and was devised to lessen the prospect that another country might fire first. Our targets would be military objectives; attack on civilian centers would be only in return for similar tactics by the aggressor.

The effect of this policy could be deteriorated if France—or Spain—were free to make war at will. The iron-willed De Gaulle would put his own opinion foremost.

Almost simultaneously—perhaps by design and perhaps by happenstance—the U.S. Citizens Commission on NATO called for more unity within the Atlantic community, in economics, in arms, and in aid to other nations.

These utterances, which Secretary Rusk will repeat to President de Gaulle, should be sufficient notice that Washington does not propose NATO should be disrupted. NATO bears too much importance to the United States, as well as its members and their neighbors on the Continent, to be invalidated by any rash of extreme nationalism.

[From the Lafayette (Ind.) Journal and Courier]

STRENGTHENING THE WEST

Anything which concerns the security of the free world holds universal interest. The report to Congress by the bipartisan U.S. Citizen's Commission on NATO has additional and special local interest because Burr S. Swezey, Lafayette banker, is a member of this distinguished group.

The Commission participated last January at Paris in the Atlantic Convention, an unprecedented gathering of 90 outstanding citizens appointed by the legislative bodies of the NATO countries. It is noteworthy that the conferees had no instructions of any kind from their respective countries and took part as individuals.

In its report, the U.S. Commission stressed the urgency of early steps to make the Atlantic Community a reality and to strengthen the ties which bind it together. Stressing the strength of union, the report challenged the Atlantic countries to "gird ourselves and find ways to create a unity more intimate and enduring than we have known before."

The point also was cited that the economies of the Atlantic nations and their common heritage in ideas make expansion within this great neighborhood singularly appropriate.

Great significance must be attached to the conclusions in view of the fact that they

House of Representatives

FRIDAY, JULY 20, 1962

The House met at 11 o'clock a.m.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

II Corinthians 13: 11: *Be of one mind, live in peace and the God of love and peace shall be with you.*

Almighty God, grant that through the mediation and ministry of this moment of prayer our aspirations and ambitions shall be inspired to remain elevated and exalted during all the hours of this new day.

We beseech Thee that the lofty conception of our high vocation may never allow us to shirk our responsibilities or shrink cowardly from any appointed tasks no matter how difficult and distasteful they may be.

Wilt Thou graciously widen the circle of our service and sympathies and may it include the last man living in the very farthest corner of the earth who also is entitled and eager to enjoy the blessings of the more abundant life.

Show us how we may cooperate with one another in fulfilling that glorious promise when the hearts of men and nations everywhere shall be established in the ways of righteousness and peace.

In Christ's name we offer our prayer. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 46. An act to provide for the establishment and administration of basic public recreation facilities at the Elephant Butte and Caballo Reservoir Areas, N. Mex., and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 10606) entitled "An act to extend and improve the public assistance and child welfare services program of the Social Security Act, and for other purposes."

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1963

Mr. MAHON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 11289) making appropriations for the Department of Defense for the fiscal year ending June 30, 1963, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

The Chair hears none, and appoints the following conferees: Messrs. MAHON, SHEPPARD, CANNON, FORD, and TABER.

DEPARTMENT OF AGRICULTURE APPROPRIATION BILL, 1963

Mr. MAHON. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations have until midnight to file a report on the bill making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1963.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. JENSEN reserved all points of order on the bill.

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent that the Subcommittee on Irrigation and Reclamation of the Committee on Interior and Insular Affairs be permitted to sit during general debate today.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

THE LATE ERNEST TRUMAN HOWELL

(Mr. SPRINGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SPRINGER. Mr. Speaker, I much regret to announce to the House the death of Ernest Truman Howell, the father of one of our former colleagues, Judge Evan Howell.

Ernest Howell would have been 87 on August 25, 1962. He was the grand old man of the county board of supervisors in my home county of Champaign, Ill.

Ernest was born in Williamson County, Ill., and taught school there. It was there that he met and married his wife in 1904.

The family moved to Villa Grove, Ill., in 1911, and Ernest Howell played an important part in the life of Villa Grove, Ill., for many years. He served as a member of the board of education there. He was an organizer and served many years on the board of directors of the Villa Grove State Bank.

He came to Champaign in 1923 and has lived there since. He was a longtime member of the railway mail service and retired after 33 consecutive years of service.

He has been a most valuable member of the Board of Supervisors of Champaign County for more than 25 years, and he was still a member of the board at the time of his death this week. Ernest Howell was a kindly man and there was never too much that could be done for his friends. He will be long remembered in Champaign County by those who have known him for his good works as well as his thoughtful actions and honest public service.

He is survived by his wife and also by his sons, Evan and William H., and his daughter, Mrs. Edward Sanford, of Champaign. He also has seven grandchildren and two great-grandchildren.

I know that the sympathy of all people who knew Ernest Howell goes out to the Howell family.

He will be buried in Mt. Hope Cemetery, in the shadow of the University of Illinois stadium, and near the school he loved so much.

FELIPE O. PAGDILAO

Mr. WALTER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2147) for the relief of Felipe O. Pagdilao.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. GROSS. Reserving the right to object, Mr. Speaker, will the gentleman briefly explain the bill?

Mr. WALTER. This bill will enable a discharged American veteran to become eligible for citizenship. He is a Filipino who served in the U.S. Army honorably and was decorated for bravery. At the end of 6 years' service he was discharged as a staff sergeant. If he can become a citizen it will be possible for him to have his wife and children, who are now in the Philippines, join him in Hawaii, where he was taken after the completion of his military service and discharged.

Mr. GROSS. I am glad to have that assurance from the gentleman. As the gentleman from Pennsylvania knows, I joined in objecting to this bill on the Private Calendar. One of the reasons for the objection, and the principal reason as far as I am concerned and I believe on the part of the gentleman

from Illinois [Mr. ANDERSON], was that this ex-serviceman's wife and five children were in the Philippines. We had no way of knowing whether this family would be reunited by the granting of citizenship to this man. In other words, we had no way of knowing whether this man, now living in Hawaii, had deserted his family. If so, this seemed to us to make quite a difference in regard to the passage of this bill granting this man the right of citizenship. With the gentleman's assurance that this family will be reunited, I withdraw my reservation of objection.

Mr. WALTER. I thank the gentleman.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Felipe O. Pagdilao shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

POLARIS SUBMARINES

(Mr. RIVERS of South Carolina asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RIVERS of South Carolina. Mr. Speaker, on this day, 2 years ago, one of the most historic feats in the history of the world, of freemen, and the history of war, was performed. A submarine bearing the name of the father of our country, *George Washington,* fired from beneath the surface a Polaris ballistic missile. This was the greatest act in the operation of warfare in the history of this Nation or of any nation, or in the history of mankind's fight to be free. On this day, today, we have at least six of these submarines on station or patroling in the interest of deterring warfare and keeping freemen free.

NORTH CAROLINA TERCENTENARY CELEBRATION

The SPEAKER. Pursuant to the provisions of section 1, Public Law 87-437, the Chair appoints as members of the North Carolina Tercentenary Celebration Commission the following Members on the part of the House: Messrs. WHITENER, RAINS, KITCHIN, and JONAS.

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently, a quorum is not present.

Mr. ROONEY. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 167]

Alford	Flood	Moulder
Alger	Frazier	Multer
Anfuso	Fulton	Norblad
Ashbrook	Garland	Nygaard
Ashley	Giaimo	Peterson
Bass, N.H.	Gubser	Pilcher
Becker	Halleck	Powell
Blitch	Hansen	Roberts, Ala.
Boggs	Hardy	Roudebush
Bolling	Harrison, Va.	Roush
Bolton	Harsha	St. Germain
Boykin	Harvey, Mich.	Santangelo
Breeding	Hays	Saund
Bromwell	Hébert	Scherer
Carey	Hoffman, Mich.	Scranton
Celler	Karth	Shelley
Cramer	Kearns	Smith, Miss.
Curtis, Mass.	Kee	Spence
Dague	Kelly	Steed
Davis, James C.	King, Utah	Taber
Davis, Tenn.	Latta	Teague, Tex.
Dawson	Loser	Thompson, La.
Devine	McSween	Utt
Diggs	Macdonald	Vanik
Dole	Mailliard	Van Zandt
Dominick	Martin, Mass.	Westland
Dulski	May	Willis
Ellsworth	Merrow	Winstead
Farbstein	Miller, Clem	Yates
Findley	Moeller	Zelenko
Fino	Monotoya	

FOREIGN ASSISTANCE ACT OF 1962

Mr. MORGAN submitted the following conference report and statement on the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes:

CONFERENCE REPORT (REPT. No. 2008)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That this Act may be cited as the 'Foreign Assistance Act of 1962'.

"PART I—ACT FOR INTERNATIONAL DEVELOPMENT OF 1961

"Chapter 1—Short title and policy

"SEC. 101. (a) The fifth paragraph of section 102 of the Foreign Assistance Act of 1961, as amended, containing a statement of policy, is amended by inserting in the fifth paragraph, immediately after 'religion.', the following: 'The Congress further declares that any distinction made by foreign nations between American citizens because of race, color, or religion in the granting of, or the exercise of, personal or other rights available to American citizens is repugnant to our principles.'

"(b) Such section is further amended by inserting after the seventh paragraph the following:

"'It is the sense of Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military or propaganda efforts, supported by the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this Act.'

"'The Congress further declares that in the administration of programs of assistance under this Act, the highest practicable emphasis should be given to: programs providing for loans or loan guarantees for use by institutions and organizations in making repayable low-interest rate loans to individuals in friendly foreign countries for the purchase of small farms, the purchase of homes, the establishment, equipment and strengthening of small independent business concerns, purchase of tools or equipment needed by individuals for carrying on an occupation or a trade, or financing the opportunity for individuals to obtain practical education in vocational and occupational skills, and to those programs of technical assistance and development which will assist in carrying out and in preparing a favorable environment for such programs. While recognizing that special requirements, differing development needs and political conditions in various assisted countries will affect the priority of such programs and of each country's relative ability to implement them, it is further the sense of Congress that each such assisted country should be encouraged to give adequate recognition to such needs of the people in the preparation of national development programs.'

"(c) Such section is further amended by inserting at the end of the last paragraph the following new sentence: 'It is the sense of Congress that, where feasible, the United States Government invite friendly nations to join in missions to consult with countries which are recipients of assistance under this part on the possibilities for joint action to assure the effective development of plans for the economic development of such recipient countries and the effective use of assistance provided them; and that the President may request the assistance of international financial institutions in bringing about the establishment of such missions.'

"Chapter 2—Development assistance

"Title I—Development Loan Fund

"SEC. 102. Section 201 of the Foreign Assistance Act of 1961, as amended, which relates to general authority with respect to development loans, is amended by adding at the end thereof the following:

"'(e) In carrying out this title, the President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of $100,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans.'

"Title II—Development Grants and Technical Cooperation

"SEC. 103. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

"(a) In section 211, which relates to general authority, add a new subsection (c) as follows:

"'(c) Not to exceed $1,000,000 of the funds made available for the purposes of this section in any fiscal year may be used for programs designed to promote the peaceful uses of atomic energy outside the United States and such programs may be carried out only in accordance with the requirements of this section.'

"(b) In section 212, which relates to authorization, strike out '1962' and '$380,000,000' and substitute '1963' and '$300,000,000', respectively.

"(c) Strike out section 213, which relates to atoms for peace.

"Title III—Investment Guaranties

"SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

"(a) Amend section 221(b) which relates to general authority, as follows:

"(1) In paragraph (1) strike out '$1,000,000,000' in the proviso and substitute '$1,300,000,000'.

"(2) In paragraph (2) strike out the words preceding the first proviso and insert in lieu thereof the following: 'where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of any loan investment for housing projects with appropriate participation by the private investor in the loan risk and in accordance with the foreign and financial policies of the United States, or assuring against loss of not to exceed 75 per centum of any other investment due to such risks as the President may determine, upon such terms and conditions as the President may determine'.

"(3) In paragraph (2) strike out '$90,000,000' in the third proviso and substitute '$180,000,000', and after the word 'guaranty' insert the following: 'in the case of a loan shall exceed $25,000,000 and no other such guaranty'.

"(b) Amend section 222, which relates to general provisions, as follows:

"(1) In subsection (d) insert ', and out of funds made available pursuant to this title' before the period.

"(2) Add the following new subsection (f):

"'(f) There is hereby authorized to be appropriated to the President such amounts, to remain available until expended, as may be necessary from time to time to carry out the purposes of this title.'

"(c) Amend section 224, which relates to housing projects in Latin American countries, as follows:

"(1) In subsection (b) strike out '$10,000,000' in the second sentence and substitute '$60,000,000.'

"(2) In subsection (c) strike out 'and (e)' and substitute '(e), and (f)'.

"Title IV—Surveys of Investment Opportunities

"SEC. 105. Section 232 of the Foreign Assistance Act of 1961, as amended, which relates to surveys of investment opportunities, is amended by striking out '1962' and '$5,000,000' and substituting '1963' and '$2,000,000', respectively.

"Alliance for Progress

"SEC. 106. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development assistance, is amended by adding at the end a new title VI, as follows:

"'Title VI—Alliance for Progress

"'SEC. 251. GENERAL AUTHORITY.—(a) It is the sense of the Congress that the historic, economic, political, and geographic relationships among the American peoples and Republics are unique and of special significance and that the Alliance for Progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relationships among them. It is further the sense of Congress that vigorous measures by the countries and areas of Latin America to mobilize their own resources for economic development and to adopt reform measures to spread the benefits of economic progress among the people are essential to the success of the Alliance for Progress and to continued significant United States assistance thereunder. The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

"'(b) Assistance furnished under this title shall be directed toward the development of human as well as economic resources. In furnishing assistance under this title, the President shall take into account (1) the principles of the Act of Bogotá and the Charter of Punta del Este, and in particular the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives; and (4) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved. In making loans under this title from funds which are required to be used for loans payable as to principal and interest in United States dollars, the President shall take into account, in addition to the considerations named in the preceding sentence, whether financing could be obtained in whole or in part from other free world sources on reasonable terms and the efforts made by recipient nations to repatriate capital invested in other countries by their own citizens. The provisions of sections 201(d), 202(b), 202(c), and 204 shall be applicable to such loans, and they shall be made only upon a finding of reasonable prospects of repayment.

"'(c) The authority of section 614(a) may not be used to waive the requirements of this title with respect to funds made available for this title which are required to be used for loans payable as to principal and interest in United States dollars, and the authority of section 610 may be used to transfer such funds only to funds made available for title I of chapter 2 of part I.

"'(d) In order to carry out the policies of this Act and the purpose of this title, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to insuring a wider and more equitable distribution of the ownership of land.

"'(e) The President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of $100,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economical and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans.

"'(f) In furnishing assistance under this title, consistently with and for the purposes of section 601(b)(4) of this Act, the Agency for International Development or any other departments and agencies designated by the President shall provide such assistance as may be determined by the President to be necessary from time to time in order to make effective the efforts of the Commerce Committee for the Alliance for Progress, established under the Department of Commerce.

"'SEC. 252. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, for use beginning in each of the fiscal years 1963 through 1966, not to exceed $600,000,000 for each such fiscal year which sums are authorized to remain available until expended and which, except for not to exceed $100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1963, shall be available only for loans payable as to principal and interest in United States dollars. In presenting requests to the Congress for authorizations for appropriations for fiscal years 1964 through 1966 to carry out other programs under this Act, the President shall also present the program proposed to be carried out from funds appropriated pursuant to the authorization contained in this section for the respective fiscal year.

"'SEC. 253. FISCAL PROVISIONS.—All receipts in United States dollars from loans made under this title and from loans made for the benefit of countries and areas of Latin America under title I of chapter 2 of part I of this Act, notwithstanding section 203, shall be available for use for loans payable as to principal and interest in United States dollars in furtherance of the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.'

"Chapter 3—International orangizations and programs

"SEC. 107. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out '1962' and '$153,500,000' and substituting '1963' and '$148,900,000', respectively.

"Chapter 4—Supporting assistance

"SEC. 108. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out '1962' and '$465,000,000' and substituting '1963' and '$415,000,000', respectively.

"Chapter 5—Contingency fund

"SEC. 109. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended as follows:

"(a) Amend subsection (a) by striking out '1962' and substituting '1963'.

"(b) Amend subsection (b) by striking out 'keep' and substituting 'provide quarterly reports to' and by striking out 'currently informed of the use' and substituting 'on the programing and the obligation'.

"Chapter 6—Assistance to agrarian economies

"SEC. 110. Section 461 of the Foreign Assistance Act of 1961, as amended, which relates to assistance to countries having agrarian economies, is amended by adding at the end thereof the following: 'In such country emphasis shall be placed also upon programs of community development which will promote stable and responsible governmental institutions at the local level.'

"PART II—INTERNATIONAL PEACE AND SECURITY ACT OF 1961

Chapter 1—Military assistance

"SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows:

"(a) In section 506, which relates to conditions of eligibility, add the following new subsections:

"'(c) The President shall regularly reduce and, with such deliberate speed as orderly procedure and other relevant considerations, including prior commitments, will permit, shall terminate all further grants of military equipment and supplies to any country having sufficient wealth to enable it, in the judgment of the President, to maintain and equip its own military forces at adequate strength, without undue burden to its economy.

"'(d) Any country which hereafter uses defense articles or defense services furnished such country under this Act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance Act, in substantial violation of the provisions of this chap-

ter or any agreements entered into pursuant to any of such Acts shall be immediately ineligible for further assistance.'

"(b) In section 507(a), which relates to sales, insert 'not less than' before 'the value' in the first sentence.

"(c) In section 507(b), add a new sentence to read as follows: 'No sales of unclassified defense articles shall be made to the government of any economically developed nation under the provisions of this subsection unless such articles are not generally available for purchase by such nations from commercial sources in the United States: *Provided, however,* That the Secretary of Defense may waive the provisions of this sentence when he determines that the waiver of such provisions is in the national interest.'

"(d) In section 510(a), which relates to special authority, strike out '1962' in the first and second sentences and substitute '1963'.

"PART III

"Chapter 1—General provisions

"SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

"(a) In section 610, which relates to transfers between accounts, designate the present language as subsection (a) and add the following new subsection:

"'(b) The authority contained in this section and in sections 451, 510, and 614 shall not be used to augment appropriations made available pursuant to sections 636(g)(1) and 637 or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses.'

"(b) In section 611(a), which relates to completion of plans and cost estimates, strike out 'and II' and substitute ', II, and VI'.

"(c) Strike out section 618, which relates to economic assistance to Latin America, and substitute a new section 618 as follows:

"'SEC. 618. USE OF SETTLEMENT RECEIPTS.—United States dollars directly paid to the United States under the Agreement Between the United States of America and Japan Regarding the Settlement of Postwar Economic Assistance to Japan may be appropriated or otherwise made available to the President in any appropriation Act, within the limitations of part I of this Act, to carry out the provisions of that part.'

"(d) Amend section 620, which relates to restrictions on assistance to certain countries, as follows:

"(1) Amend the first sentence of subsection (a) to read as follows: 'No assistance shall be furnished under this Act to the present government of Cuba; nor shall any such assistance be furnished to any country which furnishes assistance to the present government of Cuba unless the President determines that such assistance is in the national interest of the United States.'

"(2) Amend subsection (c) to read as follows:

"'(c) No assistance shall be provided under this Act to the government of any country which is indebted to any United States citizen or person for goods or services furnished or ordered where (i) such citizen or person has exhausted available legal remedies, which shall include arbitration, or (ii) the debt is not denied or contested by such government, or (iii) such indebtedness arises under an unconditional guaranty of payment given by such government, or any predecessor government, directly or indirectly, through any controlled entity: *Provided,* That the President does not find such action contrary to the national security.'

"(3) Add the following new subsections:

"'(e) The President shall suspend assistance to the government of any country to which assistance is provided under this Act when the government of such country or any governmental agency or subdivision within such country on or after January 1, 1962—

"'(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

"'(2) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency or government subdivision falls within a reasonable time (not more than six months after such action or after the date of enactment of this subsection, whichever is later) to take appropriate steps, which may include arbitration, to discharge its obligations under international law toward such citizen or entity, including equitable and speedy compensation for such property in convertible foreign exchange, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be, and such suspension shall continue until he is satisfied that appropriate steps are being taken and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

"'(f) No assistance shall be furnished under this Act, as amended, (except section 214(b)) to any Communist country. This restriction may not be waived pursuant to any authority contained in this Act unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international communism. For the purposes of this subsection, the phrase "Communist country" shall include specifically, but not be limited to, the following countries:

"'Peoples Republic of Albania,
"'Peoples Republic of Bulgaria,
"'Peoples Republic of China,
"'Czechoslovak Socialist Republic,
"'German Democratic Republic (East Germany),
"'Estonia,
"'Hungarian Peoples Republic,
"'Latvia,
"'Lithuania,
"'North Korean Peoples Republic,
"'North Vietnam,
"'Outer Mongolia-Mongolian Peoples Republic,
"'Polish Peoples Republic,
"'Rumanian Peoples Republic,
"'Tibet,
"'Federal Peoples Republic of Yugoslavia,
"'Cuba, and
"'Union of Soviet Socialist Republics.

"'(g) Notwithstanding any other provision of law, no monetary assistance shall be made available under this Act to any government or political subdivision or agency of such government which will be used to compensate owners for expropriated or nationalized property and, upon finding by the President that such assistance has been used by any government for such purpose, no further assistance under this Act shall be furnished to such government until appropriate reimbursement is made to the United States for sums so diverted.

"'(h) The President shall adopt regulations and establish procedures to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries.'

"Chapter 2—Administrative provisions

"SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

"(a) In section 621, which relates to exercise of functions, delete '(a)' and strike out subsections (b), (c), (d), and (e).

"(b) Amend section 624, which relates to statutory officers, by striking out subsection (d) and redesignating subsection (e) as subsection '(d)', inserting in paragraph 2(A) of redesignated subsection (d) ', and programs being conducted by United States Government agencies under Public Law 86-735,' after 'Peace Corps', and inserting in paragraphs (5) and (7) of redesignated subsection (d) ', and Public Law 86-735' after 'part II of this Act'.

"(c) Amend section 625, which relates to employment of personnel, as follows:

"(1) In subsection (b) strike out 'seventy-six' in the first sentence and substitute 'one hundred and ten'.

"(2) In subsection (d) add the following proviso before the period at the end of paragraph (2): ': *Provided further,* That, whenever the President determines it to be important for the purposes of this Act, the President may initially assign personnel under this paragraph for duty within the United States for a period not to exceed two years for the purpose of preparation for assignment outside the United States; however, the authority contained in this proviso may not be exercised with respect to more than thirty persons in the aggregate.'

"(3) Amend subsection (f) to read as follows:

"'(f) Funds provided for in agreements with foreign countries for the furnishing of services under this Act with respect to specific projects shall be deemed to be obligated for the services of personnel employed by agencies of the United States Government (other than the agencies primarily responsible for administering part I or part II of this Act) as well as personnel not employed by the United States Government.'

"(d) In section 629(b), which relates to status of personnel detailed, strike out '624(e)' in the first sentence and substitute '624(d)'.

"(e) In section 634(a), which relates to reports and information, insert the following before the period at the end of the second sentence: 'and on progress under the freedom of navigation and nondiscrimination declaration contained in section 102'.

"(f) (1) In section 634(d), which relates to reports and information, strike out 'In January of each year' and 'preceding twelve months' in the first sentence and substitute 'At the end of each fiscal year' and 'fiscal year', respectively.

"(2) After the first sentence of such section 634(d) insert the following: 'There shall also be included in the presentation material submitted to the Congress during its consideration of amendments to this Act, or of any Act appropriating funds pursuant to authorizations contained in this Act, a comparison of the current fiscal year programs and activities with those presented to the Congress in the previous year and an explanation of any substantial changes.'

"(g) In section 635(h), which relates to general authorities, strike out 'and V' and substitute ', V, and VI' and strike out 'made'.

"(h) Amend section 637, which relates to administrative expenses, as follows:

"(1) In subsection (a) strike out '1962' and '$50,000,000' and substitute '1963' and '$53,000,000', respectively.

"(2) In subsection (b) strike out 'to the Secretary of State'.

"Chapter 3—Miscellaneous provisions

"SEC. 303. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended,

which relates to miscellaneous provisions, is amended as follows:

"(a) Section 643, which relates to saving provisions, is amended by striking out subsection (d).

"(b) Section 644(m), which relates to definitions, is amended by striking out 'as grant assistance' in subparagraphs (2) and (3).

"(c) Section 645, which relates to unexpended balances is amended by inserting 'this Act or' after 'pursuant to'.

"PART IV—AMENDMENTS TO OTHER LAWS

"SEC. 401. Part IV of the Foreign Assistance Act of 1961, as amended, is repealed, which repeal shall not be deemed to affect amendments contained in such part.

"SEC. 402. Section 2 of the Act of August 1, 1956 (70 Stat. 890), as amended, is further amended by adding after paragraph (a) the following new paragraph:

"'(b) for the purpose of promoting and maintaining friendly relations with foreign countries through the prompt settlement of certain claims, settle and pay any meritorious claim against the United States which is presented by a government of a foreign country for damage to or loss of real or personal property of, or personal injury to or death of, any national of such foreign country: *Provided*, That such claim is not cognizable under any other statute or international agreement of the United States and can be settled for not more than $15,000 or the foreign currency equivalent thereof.'

"SEC. 403. Section 102(a)(3) of the Mutual Educational and Cultural Exchange Act of 1961 (Public Law 87–256, approved September 21, 1961) is hereby amended by inserting the word 'abroad' after the word 'expositions'. The amendment made by this section shall not be applicable with respect to any fair or exposition within the United States for which an appropriation has been provided.

"SEC. 404. The first section of the Act authorizing participation in the Interparliamentary Union (22 U.S.C. 276) is amended to read as follows:

"'An appropriation of $48,000 annually is authorized, $21,000 of which shall be for the annual contributions of the United States toward the maintenance of the Bureau of the Interparliamentary Union for the promotion of international arbitration; and $27,000, or so much thereof as may be necessary, to assist in meeting the expenses of the American group of the Interparliamentary Union for each fiscal year for which an appropriation is made, such appropriation to be disbursed on vouchers to be approved by the President and the executive secretary of the American group'."

And the House agree to the same.

THOMAS E. MORGAN,
CLEMENT J. ZABLOCKI,
WAYNE L. HAYS,
ROBERT B. CHIPERFIELD,
WALTER H. JUDD,
Managers on the Part of the House.

J. W. FULBRIGHT,
JOHN SPARKMAN,
H. H. HUMPHREY,
MIKE MANSFIELD,
B. B. HICKENLOOPER,
GEORGE AIKEN,
HOMER E. CAPEHART,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference of the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the Senate bill and the House amendment. Except for clarifying, clerical, and necessary conforming changes, the differences are noted below.

INTRODUCTION

The House amendment to the bill (S. 2996) contained an authorization of $1,815,400,000 for fiscal year 1963, plus $600 million for each of fiscal years 1964, 1965, and 1966 for the Alliance for Progress.

The Senate bill provided an authorization for an appropriation of $1,908,900,000 for fiscal year 1963, plus $800 million for each of fiscal years 1964, 1965, and 1966 for the Alliance for Progress.

The committee of conference adjusted the differences in amounts as shown in the following table and agreed on a total authorization for fiscal year 1963 of $1,818,900,000 plus $600 million for each of fiscal years 1964, 1965, and 1966 for the Alliance for Progress.

Foreign assistance funds, fiscal year 1963

Activity	Senate bill	House amendment	Conference agreement	Adjustment against Senate bill	Adjustment against House amendment
Development grants, sec. 212	$300,000,000	$300,000,000	$300,000,000		
Reserve for investment guarantees, sec. 222(f)	100,000,000	[1]	[2]	[2]—$100,000,000	[2]
Investment surveys, sec. 232	5,000,000	1,500,000	2,000,000	−3,000,000	+$500,000
Alliance for Progress, sec. 252:					
For fiscal year 1963	600,000,000	600,000,000	600,000,000		
For fiscal years 1964–66	2,400,000,000	1,800,000,000	1,800,000,000	−600,000,000	
International organizations, sec. 302	148,900,000	148,900,000	148,900,000		
Supporting assistance, sec. 402	400,000,000	440,000,000	415,000,000	+15,000,000	−25,000,000
Contingency fund, sec. 451(a)	300,000,000	275,000,000	300,000,000		+25,000,000
Administrative expenses, sec. 637(a)	55,000,000	50,000,000	53,000,000	−2,000,000	+3,000,000
Total	4,308,900,000	[3] 3,615,400,000	3,618,900,000	−690,000,000	+3,500,000
Total for fiscal year 1963 only (excludes Alliance for Progress for fiscal years 1964–66)	1,908,900,000	[3] 1,815,400,000	1,818,900,000	−90,000,000	+3,500,000

[1] The Committee on Foreign Affairs reported $100,000,000. This was amended on the floor to provide continuing authorization with no amount specified.

[2] The committee of conference accepted the text of the House amendment that provides a continuing authorization with no amount specified.

[3] Totals do not include sums authorized for reserve for investment guarantees. Senate provided $100,000,000; House authorized such amounts as may be necessary.

DISCRIMINATION BASED ON RACE, COLOR, OR RELIGION (SEC. 101(a))

Section 101(a) of the House amendment contained an addition to the fifth paragraph of the statement of policy in section 102 of the act which declared that any attempt by foreign nations to make distinctions between American citizens because of race, color, or religion in the granting of personal or commercial access or in the exercise of any other rights available to American citizens, or the use by any such nation of U.S. assistance to carry out any program or activity in the course of which discrimination was practiced against any U.S. citizen by reason of his race, color, or religion, was repugnant to our principles. It also provided that these principles should be applied in all negotiations with any foreign nation with respect to any funds appropriated under authority of the act and that the Secretary of State should report annually on the measures taken to apply these principles.

The Senate bill contained no corresponding provision.

The managers on the part of the House accepted a revision of the provision of the House amendment which constitutes a clear and strong declaration of the attitude of the United States toward distinctions made by foreign nations between American citizens because of race, color, or religion in the granting of or the exercise of rights to which all American citizens are entitled.

The change in the language agreed to should not be interpreted as an indication that the Congress is reconciled to the present state of affairs or that it is opposed to the administration of U.S. assistance programs in such a way as to discourage the violation of the rights of all American citizens. Strong and continuous action must be taken to end the present discriminations practiced by certain countries against Americans with respect to personal and commercial access, and the availability of U.S. assistance must be influenced by the attitudes and policies of its recipients.

Section 302(e) of the bill requires an annual report from the President on progress in the elimination of such discriminations.

INTERNATIONAL DEVELOPMENT AND ASSISTANCE MISSIONS (SEC. 101(c))

Section 101(c) of the Senate bill added a new provision at the end of the statement of policy in section 102 of the act which declared that it was the sense of the Congress that, where feasible, the U.S. Government should invite friendly nations to join in missions to consult with countries which were recipients of assistance under part I on the possibilities for joint action to assure the effective development of plans for the economic development of such recipient countries and the effective use of assistance provided them, and that the President might request the assistance of the International Bank for Reconstruction and Development (World Bank) in bringing about the establishment of such missions.

The House amendment contained no corresponding provision.

The House receded with an amendment that deleted the specific reference to the International Bank for Reconstruction and Development and substituted therefor the reference to "international financial institutions." This phrase is not intended to be limited solely to banking type institutions. There are a number of institutions that may be equally helpful in assisting in the establishment of the missions envisioned in the new language. Included among these are the Development Assistance Committee of the Organization for Economic Cooperation and Development, the Inter-American Development Bank and the panel of experts under the auspices of the Organization of

American States working in the Latin American area.

RESERVATION OF DEVELOPMENT LOAN AND ALLIANCE FOR PROGRESS FUNDS (SEC. 102 AND SEC. 106)

Sections 102 and 105 of the House amendment prohibited committing or setting aside more than $50,000 in development loan or Alliance for Progress funds for use in any country unless an application for such funds had been received with sufficient assurances to indicate that the funds would be used in a sound manner or the President determined that it was in the national interest to use such funds pursuant to multilateral plans.

The Senate bill contained no comparable provisions.

The committee of conference accepted the provision contained in the House amendment, except that the ceiling limitation on the funds which might be allocated, reserved, earmarked or committed was increased from $50,000 to $100,000.

The managers on the part of the House believe that this increase of the ceiling is not sufficiently large to diminish the effectiveness of this provision.

HOUSING GUARANTIES (SEC. 104(A)(2))

Section 103(a)(2) of the House amendment authorized extended risk guaranties against loss "in whole or in part" of loan investments for housing projects.

Section 103(a)(2) of the Senate bill authorized extended risk guaranties for loan investment for housing projects "with appropriate participation by the private investor in the loan risk."

The managers on the part of the House accepted the Senate language in the belief that the requirement of "appropriate participation by the private investor" provided a desirable safeguard while permitting the loan risk insured in the case of housing projects to approach 100 percent only when necessary.

The managers on the part of the House concurred in the view of the committee of conference that it should be possible in most instances to attract loan investment in housing projects without a 100-percent guaranty, while recognizing that flexibility was necessary to deal with special situations. It is understood that the investor may seek other security for the portion of his investment not guaranteed under the program.

CEILING ON EXTENDED RISK GUARANTIES OF LOAN INVESTMENTS (SEC. 104(A)(3))

Section 103(a)(3) of the Senate bill raised the present $10 million ceiling on the face value of any guaranty on a loan investment which might be covered by extended risk guaranties to $25 million.

The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision. They were persuaded that the limitation of $10 million on individual guaranties, which is in existing law, has the effect of retarding private investment in less developed countries.

Since the Government guaranties only part of each investment and the private investor takes the risk on the balance, this amendment, raising the ceiling from $10 to $25 million on individual guaranties, can be expected to promote private development loans that are bigger than the $25 million limit now set on the amount of any Government guaranty.

SURVEYS OF INVESTMENT OPPORTUNITIES (SEC. 105)

Section 104 of the Senate bill authorized an appropriation of $5 million for fiscal year 1963 for investment surveys.

The House amendment authorized an appropriation of $1.5 million for this purpose.

The committee of conference agreed to an authorization of $2 million.

The 1961 act authorized the President to encourage the undertaking by private enterprise of surveys of investment opportunities in less developed friendly countries by agreeing to share up to 50 percent of the cost of these surveys. While the establishment of the program has been slow, inquiries already total more than 100. The first contract was signed recently. Policy guidance for the program has been revised and simplified forms have been developed. The committee of conference recognized that activities in the private sector under the foreign aid program are difficult to establish. The managers on the part of the House believe that the amount authorized will be adequate to move this program forward.

REPATRIATION OF CAPITAL UNDER ALLIANCE FOR PROGRESS (SEC. 106)

Section 105 of the Senate bill required the President, in making loans under the Alliance for Progress, to take into account the efforts made by recipient countries to repatriate capital invested in other countries by their own citizens.

The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate language. In self-help measures this consideration should be given a high priority.

COMMERCE COMMITTEE FOR ALLIANCE FOR PROGRESS (SEC. 106)

Section 105 of the Senate bill provided that in furnishing assistance under the Alliance for Progress title, the Agency for International Development, or any other departments and agencies designated by the President, shall provide such assistance as may be determined by the President to be necessary to make effective the efforts of the Commerce Committee for the Alliance for Progress.

The House version contained no corresponding provision.

The managers on the part of the House accepted the Senate version. Within the Department of Commerce there has been established a Commerce Committee for the Alliance for Progress. Its members include prominent citizens in the business community who are particularly interested in the Latin American area. Their functions are advisory in character. The committee of conference commends the Department of Commerce for this initiative. The Commerce Committee can be an important catalyst in stimulating greater efforts by private business in contributing to the success of the Alliance for Progress.

ALLIANCE FOR PROGRESS AUTHORIZATION (SEC. 106)

Section 105 of the Senate bill authorized an appropriation of $600 million for fiscal year 1963 and $800 million for each of the fiscal years 1964 through 1966 for the Alliance for Progress.

The House amendment authorized an appropriation of $600 million for each of the fiscal years 1963 through 1966 for the Alliance for Progress.

The committee of conference accepted the House figure of $600 million for each of the fiscal years 1964, 1965, and 1966. This action by the committee of conference does not indicate any lack of approval of or support for the Alliance for Progress. The acceptance of the lower figure reflects the absence of factual justification for the $800 million figure for future years. Consideration will be given to increasing the authorization when there is tangible evidence that progress in the program makes additional funds necessary.

PROHIBITION OF SUPPORT TO UNITED NATIONS

Section 106(b) of the House amendment prohibited the use of funds appropriated pursuant to the International Organizations chapter of the Foreign Assistance Act or pursuant to any other law for loans or grants to the United Nations or to purchase United Nations bonds until all U.N. members had paid in full their share of United Nations expenses. An exception to this limitation was made, permitting U.S. payment of its assessed share of United Nations expenses.

The Senate bill contained no comparable provision.

The committee of conference agreed to the elimination of the House provision. The managers on the part of the House were convinced that this provision was more far reaching in its effects than was apparent at the time of its consideration by the House. Although it would be possible for the United States to continue to pay its regular assessment to meet United Nations expenses, the United States, under the language approved by the House, could not make voluntary contributions to the Children's Fund, the U.N. technical assistance programs, and other U.N. operations which are entirely dependent on voluntary contributions from U.N. members, as long as any U.N. member was in arrears in its payments.

Any effectiveness which the House provision might have had in encouraging U.N. members friendly to the United States to meet their arrearages would be more than offset by the incentive which the provision would give to Communist countries to refuse to meet their payments in order to prevent U.S. participation in United Nations activities of which the Communist nations disapprove. The amendment would thus have the effect of enhancing the power and influence of obstructionist Communist countries in the United Nations and correspondingly weakening the influence of the United States.

The five permanent members of the United Nations Security Council have the right to veto a proposed Security Council resolution.

In effect, the provision of the House amendment would give to each of the more than 100 U.N. members a power to veto the conduct of U.S. foreign policy through the United Nations and its agencies.

AUTHORIZATIONS FOR SUPPORTING ASSISTANCE (SEC. 108) AND FOR CONTINGENCY FUND (SEC. 109)

Section 107 of the Senate bill authorized an appropriation of $400 million for supporting assistance and section 108 of the Senate bill authorized an appropriation of $300 million for the contingency fund.

The House amendment authorized an appropriation of $440 million for supporting assistance and an appropriation of $275 million for the contingency fund.

The managers on the part of the House, rather than splitting the difference between the Senate and the House figures in each case, accepted a compromise by which the authorization for supporting assistance was reduced by $25 million (from $440 million in the House amendment to $415 million) and the authorization for the contingency fund contained in the House amendment was increased by $25 million (from $275 million to $300 million).

The managers on the part of the House accepted the argument that this compromise, which does not increase the total authorization approved by the House, by placing in the contingency fund a greater proportion of the total funds authorized, gives greater assurance that such funds will be effectively used if unforeseen developments occur.

PROVISION ON GRANTS OF MILITARY EQUIPMENT AND SUPPLIES (SEC. 201(a))

Section 201(a) of the Senate bill required the President to reduce and terminate with deliberate speed grants of military equipment and supplies to any country having sufficient wealth to enable it in the judgment of the President to maintain its own military forces without undue burden to its economy.

The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision. They concurred in the position taken by the managers on the part of the Senate that a more vigorous effort should be made to encourage those foreign governments which have attained a high level of prosperity to assume larger responsibility for the maintenance and equipment of their own military forces. They do not consider the provision to be inconsistent with the statement of policy contained in section 502 of the act, which urges the expansion of multilateral programs of coordinated procurement, research, production, and development, particularly to further the defense of the North Atlantic area.

CONDITIONS OF ELIGIBILITY (SEC. 201(a))

Section 201(a) of the House amendment provided that any country which hereinafter used defense articles or defense services furnished such country under this act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance act, where such use was in violation of the provisions of the military assistance chapter or any agreements entered into pursuant to any of such acts, should be immediately ineligible for further assistance.

The Senate bill contained no comparable provision.

The committee of conference accepted the House provision with an amendment which provided that in order for the section to become operative there must be a "substantial" violation of the provisions of the military assistance chapter or applicable agreements. The purpose of this amendment is to make clear that minor instances of diversion or improper uses would not work to make countries ineligible for further military assistance.

PROHIBITION ON INCREASING FUNDS FOR ADMINISTRATIVE EXPENSES (SEC. 301(a))

Section 301(b) of the Senate bill prohibited the use of the President's special authorities to increase funds made available for administrative expenses under the act.

The House amendment contained no comparable provision.

Starting in 1955, there has been a tendency to use the transfer authority to increase administrative funds. In 1959 Congress adopted a prohibition on such transfers. When the act was rewritten last year, this prohibition was omitted at the request of the executive branch, owing to the extensive reorganization that was in process. During the last fiscal year, the transfer and special discretionary authorities of the act (secs. 610 and 614) have been used to transfer $5 million from the contingency fund to the administrative funds.

The committee of conference regards this transfer authority to increase administrative funds as no longer necessary. Therefore, the managers on the part of the House accepted the language of the Senate bill.

At the same time the managers on the part of the House agreed to an authorization of $53 million for administrative expenses, an increase of $3 million over that contained in the House amendment and $2 million less than that in the House bill.

ASSISTANCE TO COUNTRIES ASSISTING CUBA (SEC. 301(d)(1))

Section 301(c) of the House amendment prohibited assistance under the act to any country which assisted the present Government of Cuba unless the President determined that such assistance was in the national and hemispheric interest of the United States.

The Senate bill contained no comparable provision.

The committee of conference accepted the House provision with two clarifying amendments. The first makes clear that the President has discretion when he determines it to be in the national interest to give assistance to countries furnishing assistance to Cuba but that this section does not grant such discretion with respect to giving aid to Cuba.

The phrase "and hemispheric interest" was eliminated because the President might find that assistance to a country outside the Western Hemisphere was in the national interest but would not necessarily affect the hemispheric interest of the United States.

COLLECTION OF PRIVATE DEBTS (SEC. 301(d)(2))

Section 301(e)(1) of the Senate bill amended section 620(c) of the act to prohibit assistance to any country which was indebted to a U.S. citizen for goods or services furnished or ordered where (1) the citizen had exhausted legal remedies including arbitration, or (2) the debt was not denied by the government, or (3) the debt arose under an unconditional guaranty of payment by the government or any predecessor government, provided the President did not find such action contrary to the national security.

The House amendment (sec. 301(d)) amended section 620(c) of the act to prohibit assistance to any country which was indebted to a U.S. citizen for goods or services furnished or ordered where the citizen had exhausted legal remedies and either the government did not deny the debt or the debt arose under an unconditional guaranty of payment by the government or any predecessor government.

The managers on the part of the House accepted the Senate provision with a clarifying amendment. The words "or person" were added to the words "United States citizen" when it occurs in order to make clear that corporations and other business entities were included.

The Senate language included a reference to arbitration not contained in the House amendment which the managers on the part of the House believe will give added protection to the American businessman.

ASSISTANCE TO COUNTRIES WHICH EXPROPRIATE AMERICAN PROPERTY (SEC. 301(d)(3))

Section 301(e)(2) of the Senate bill prohibited assistance under the act to any country which expropriated American property after January 1, 1962, or had imposed discriminatory conditions on such property and had failed within 6 months to take appropriate steps to discharge its obligations under international law to the owner including payment in foreign exchange. No waiver of the provision was permitted.

The House amendment (sec. 302(e)) prohibited assistance under the act to any country which had expropriated American property after January 1, 1962, or had imposed discriminatory conditions which had the effect of expropriating such property and had failed within 6 months to take appropriate steps to discharge its obligations as required by international law. No waiver of the provision was permitted.

The committee of conference agreed to the House language with two minor amendments. The first specifies that the appropriate steps to be taken "may include arbitration". The second qualifies the "obligations" of the expropriating country toward U.S. citizens or entities as obligations "under international law."

ASSISTANCE TO COMMUNIST COUNTRIES (SEC. 301(d)(3))

The Senate bill (sec. 301(e)) prohibited assistance under the act and sales and gifts of commodities under Public Law 480 to countries known to be dominated by communism and Marxism, and denied authority to waive this prohibition. It further stated that this prohibition should not be deemed to prohibit assistance under Public Law 480 if the President made certain enumerated findings.

The House amendment prohibited assistance under the act to Communist countries and provided that the prohibition might not be waived unless the President made certain enumerated findings. It also included a specific listing of Communist countries.

The committee of conference agreed to the House provision with an amendment which permits the continuation of the use of foreign currencies to assist the American Research Hospital for Children in Krakow, Poland, being constructed under the authority of section 214(b) of the Foreign Assistance Act of 1961.

PROHIBITION OF ASSISTANCE TO PAY COMPENSATION FOR EXPROPRIATED PROPERTY (SEC. 301(d)(3))

Section 301(e) of the House amendment prohibited use of monetary assistance under the act to compensate owners for expropriated or nationalized property, and, on a finding that such funds had been diverted for this purpose, prohibited assistance to the country until reimbursement was made to the United States.

The Senate bill contained no corresponding provision.

The committee of conference agreed to the House provision with a clarifying amendment which substituted "the President" for "the Administrator," which made reference to "such assistance" rather than "such funds" and substituted the word "used" for the word "diverted".

EXPECTED POSITIONS (302(c)(1))

Section 302(c)(1) of the Senate bill increased to 125 the number of persons employed to administer part I or coordinate part I and part II of the act, who might be appointed or removed without regard to any law.

The House amendment increased the number of such persons to 100.

The managers on the part of the House accepted a compromise figure of 110, an increase of 10 above the number authorized by the House amendment and a decrease of 15 below the number authorized by the Senate bill.

REPORTS ON DEPARTURES FROM ILLUSTRATIVE PROGRAMS (SEC. 302(f))

Section 302(f) of the House amendment amended section 634(d) of the act in two respects:

(1) it changed the present requirement of that section for a report to Congress in January of each year on assistance furnished during the preceding twelve months which differed substantially from the presentation to Congress to a requirement for such a report at the end of each fiscal year covering that fiscal year; and

(2) it required that there be included in the annual presentation to the Congress a comparison of current fiscal year programs and activities with those presented in the previous year and an explanation of any changes.

The Senate bill contained no comparable provisions.

The committee of conference accepted the language of the House amendment with one modification. The word "substantial" was inserted before "changes" to indicate that minor adjustments in particular programs need not be reported. It is the understanding of the committee of conference that program changes in excess of $50,000 are to be included in the scope of the new language.

ADMINISTRATIVE EXPENSE AUTHORIZATION (SEC. 203(h))

Section 302(g)(1) of the Senate bill authorized an appropriation of $55 million for Agency for International Development (AID) expenses for fiscal year 1963.

The House amendment (sec. 302(h)) authorized an appropriation of $50 million for this purpose.

The managers on the part of the House agreed to an authorization of $53 million. The increase over the amount contained in the House amendment must be considered in conjunction with the prohibition upon transfer of funds from other sections of the law into the administrative funds provided in section 301(b) of the bill.

INTERNATIONAL FAIRS IN THE UNITED STATES (SEC. 403)

Section 403 of the Senate bill amended the Mutual Educational and Cultural Exchange Act of 1961 so as to confine the authority of that act for U.S. participation in international fairs to those held abroad.

The House amendment contained no corresponding language.

The managers on the part of the House accepted the Senate language. This makes clear that U.S. participation in fairs is limited to fairs held abroad. This conforms to the long-established practice by which Congress authorizes on an individual basis U.S. participation in major fairs held in this country.

INTERPARLIAMENTARY UNION (404)

Section 404 of the Senate bill amended the act authorizing U.S. participation in the Interparliamentary Union to increase from $18,000 to $21,000 the amount of funds available for contributions to the Bureau of the Union and to decrease correspondingly the amount available for expenses of the American group in the Union from $30,000 to $27,000.

The House amendment contained no corresponding provision.

For the past 3 years and for fiscal year 1963, the amount required for contributions to the Bureau of the Interparliamentary Union has been $21,000, not $18,000. The contribution amount is raised by this amendment to the amount actually required to meet the U.S. obligation.

THOMAS E. MORGAN,
CLEMENT J. ZABLOCKI,
WAYNE L. HAYS,
ROBERT B. CHIPERFIELD,
WALTER H. JUDD,
Managers on the Part of the House.

TO PERMIT MEMBERS OF THE ARMED FORCES TO ACCEPT FELLOWSHIPS, SCHOLARSHIPS, OR GRANTS

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 7727) to amend title 10, United States Code, to permit members of the Armed Forces to accept fellowships, scholarships, or grants, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 8, strike out "'Notwithstanding" and insert "'(a) Notwithstanding".

Page 2, strike out lines 11, 12, and 13 and insert:

"'However, the benefits of such a fellowship, scholarship, or grant may be accepted by the member in addition to his pay and allowances only to the extent that those benefits would be conferred upon him if the education or training contemplated by that fellowship, scholarship, or grant were provided at the expense of the United States. In addition, if such a benefit, in cash or in kind, is for travel, subsistence, or other expenses, an appropriate reduction shall be made from any payment that is made for the same purpose to the member by the United States incident to his acceptance of the fellowship, scholarship, or grant.

"'(b) Each member of the Armed Forces who accepts a fellowship, scholarship, or grant in accordance with subsection (a) shall, before he is permitted to undertake the education or training contemplated by that fellowship, scholarship, or grant, agree in writing that, after he completes the education or training, he will serve on active duty for a period at least three times the length of the period of the education or training.'; and".

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. GROSS. Mr. Speaker, reserving the right to object, do I understand this bill will increase the number of servicemen or those eligible for service who may accept educational grants, grants by foundations of one kind or another?

Mr. PHILBIN. It may to some extent, but not very much. There are only a very small number of these men being assigned under the program at the present time. This bill will not increase the number very much.

Mr. GROSS. Specifically; what is the purpose of the bill?

Mr. PHILBIN. The purpose of this bill is to authorize members of the armed services to do just what civilian employees of the Government are entitled to do now by law; that is, take higher training in universities, here and abroad under various programs, Foundation plans, and the like.

Mr. GROSS. That is, to accept Rhodes Scholarships, Ford Foundation grants for scholarships, et cetera?

Mr. PHILBIN. That is right.

Mr. GROSS. Mr. Speaker, I am going to ask the gentleman the $64 question. Is Pete Dawkins still playing rugby over in England instead of doing his obligated service? He was a graduate of the U.S. Military Academy. Is he still over in London, living high on the hog, under one of these scholarships? Why is he not down at Fort Benning doing his military service, as he ought to be?

Mr. PHILBIN. I cannot answer the gentleman's question. I do not know whether he is there or not; I think he may be there. He is a very fine young man and is serving his country faithfully and well.

Mr. GROSS. I have no dougt that he is a fine young man. But it seems to me it would be well for these graduates of the U.S. Military Academy or any other service academy to get busy and do their service and then go to these foreign educational institutions for higher learning. I am opposed to this business of Military Academy graduates spending 2 years or 4 years at Oxford or some other educational institution in a foreign land before meeting at least some of their service obligation. I hope the House Committee on Armed Services will give some attention to this matter. There is no hesitancy in taking the 18- or 20-year-olds who graduate from high schools and universities and putting them in military service. Let us get some service from these people before sending them to institutions of high learning, or whatever they are.

Mr. Speaker, I withdraw my reservation of objection.

Mr. PHILBIN. I thank the distinguished gentleman.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

GENERAL OF THE ARMY DOUGLAS MacARTHUR

Mr. RIVERS of South Carolina. Mr. Speaker, I ask unanimous consent for the immediate consideration of the concurrent resolution (H. Con. Res. 347) tendering the thanks of Congress to General of the Army Douglas MacArthur.

The Clerk read the concurrent resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That the thanks and appreciation of the Congress and the American people are hereby tendered to General of the Army Douglas MacArthur, in recognition of his outstanding devotion to the American people, his brilliant leadership during and following World War II, and the unsurpassed affection held for him by the people of the Republic of the Philippines which has done so much to strengthen the ties of friendship between the people of that nation and the people of the United States.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

Mr. ARENDS. Reserving the right to object, Mr. Speaker, and I shall not object, I want to commend the gentleman from South Carolina on submitting this resolution. This resolution was reported out by unanimous action of the Committee on Armed Services. I think this is a recognition of the services of General MacArthur that is long overdue. I hope this concurrent resolution will be agreed to unanimously.

Mr. DORN. Mr. Speaker, of course this resolution will be adopted unanimously. Douglas MacArthur is one of the greatest military captains of all history. His superlative strategy during World War II and in Korea saved this Nation and the free world many thousands of lives.

The genius of a truly great general is marked by his ability to accomplish the objective with a minimum loss of lives and resources—also by his ability to prevent war altogether. Douglas MacArthur possessed to a maximum degree this genius. General MacArthur could foresee the coming of World War II and desperately, as Chief of Staff, provided for a bare nucleus around which our magnificent armies of World War II were built.

If we had listened to MacArthur in the 1930's on preparedness, we might have prevented war through strength. Had we listened to MacArthur's warnings in the Pacific, we would not have been caught unprepared and might have prevented war with Japan through strength.

General MacArthur could see in the 1920's and 1930's the advantage of controlling the air in the next war. I have always believed that General MacArthur was a great admirer of Gen. Billy Mitchell. They were beneath the surface

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For information only; should not be quoted or cited)

Issued July 25, 1962
For actions of July 24, 1862
87th-2d, No. 126

CONTENTS

ACP.....1	Farm program.....13	Mining.....15
Agricultural appropriations.....1	Fiscal policy.....11	Natural resources.....8
Appropriations.....1,4,16	Foreign aid.....2	Personnel.....9
Area redevelopment.....6	Foreign trade.....5	REA loans.....1
Education.....14	Housing.....3	School lunch.....7
Farm housing.....3	Information.....1	Screwworm.....1
	Lumber industry.....12	Textiles.....10

HIGHLIGHTS: House began debate on agricultural appropriation bill. House agreed to conference report on foreign aid authorization bill. House subcommittee reported bill for housing for elderly in rural areas. House received conference report on Treasury-Post Office appropriation bill. Rep. Cooley submitted measure to increase period in which hearings and reports will be available before consideration of appropriation bills.

HOUSE

1. AGRICULTURAL APPROPRIATION BILL, 1963. Began debate on this bill, H. R. 12648. pp. 13589-621

Agreed to the following amendments:

By Rep. Whitten, to remove funds for screwworm eradication in the Southwest (funds for this purpose were included in the Second Supplemental Appropriation Bill, 1962). pp. 13608-9

By Rep. Reuss, to provide that no portion of the funds appropriated for the Agricultural Conservation Program may be used to provide financial or technical assistance for drainage on wetlands. p. 13611

Rejected the following amendments:

By Rep. Michel, by a vote of 58 to 108, to provide that no portion of the funds appropriated for the Agricultural Conservation Program may be used for payments on diverted acreage where other conservation-type payments are being received. pp. 13611-3

By Rep. Pelly, to provide that no portion of the funds appropriated for the Office of Information shall be used for bulletins or publications relating to sewing. pp. 13613-4

By Rep. Michel, by a vote of 94 to 133, to provide that of the amounts authorized to be borrowed for REA electrification loans, not to exceed $150,000,000 may be used for generation and transmission loans. pp. 13614-20

2. FOREIGN AID. By a vote of 221 to 162, agreed to the conference report on S.2996, the foreign aid authorization bill. This bill will now be sent to the President pp. 13574-88, 13624

3. HOUSING. The Subcommittee on Housing of the Banking and Currency Committee voted to report to the full committee H. R. 12628, to authorize a program of housing for the elderly in rural areas. p. D627

4. TREASURY-POST OFFICE APPROPRIATION BILL, 1963. Received the conference report on this bill, H. R. 10526 (H. Rept. 2028) (p. 13621). This bill includes appropriations for the Budget Bureau, Council of Economic Advisers, Emergency Fund for the President, funds for the President for management improvement in the executive agencies, and the Advisory Commission on Intergovernmental Relations.

5. FOREIGN TRADE. Rep. Kearns inserted the testimony of the vice-president of the National Federation of Independent Business before the Senate Commerce Committee "on the steps being taken by the Department of Commerce to expand exports and to improve services to American exporters at home and abroad." pp. 13630-2

6. AREA REDEVELPPMENT. Rep. Moore inserted an editorial commending a grant by the Area Redevelopment Administration for a tourist center at Sugar Grove, W. Va. pp. 13633-4

SENATE

7. SCHOOL LUNCH PROGRAM. The D. C. Committee voted to report (but did not actually report) S. 3314, to amend the D. C. Public School Food Services Act. p. D625

ITEMS IN APPENDIX

8. NATURAL RESOURCES. Extension of remarks of Rep. Reifel discussing a recent soil and water seminar in South Dakota and inserting an address, "The Seminar as Viewed From Washington." pp. A5665-6

9. PERSONNEL. Extension of remarks of Rep. Lane inserting his statement in support of H. R. 3987, to increase the annuities of retired Federal employees. p.A5669

10. TEXTILES. Extension of remarks of Rep. Hemphill inserting an editorial, "Will Washington Dump the Textile Industry?" p. A5674

11. FISCAL POLICY. Extension of remarks of Rep. Rousselot inserting two editorials, "Spend Our Way to Prosperity? Deepest Depression Feared if Unsound Counsel Prevails," and, "The Economic Debate." pp. A5676-7

12. LUMBER INDUSTRY. Extension of remarks of Rep. Sikes inserting an article criticizing USDA timber sales, "Selling Public Timber." pp. A5684-5

13. FARM PROGRAM. Extension of remarks of Rep. Broomfield inserting an editorial criticizing the Secretary, "A Farm Plan Too Good for Freeman's Liking." p.A5688

House of Representatives

TUESDAY, JULY 24, 1962

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

I John 5: 4: *This is the victory that overcometh the world, even our faith.*

Almighty God, grant that, as we daily grapple with the perplexing problems of life, we may lay hold of those spiritual resources which Thou hast placed at our disposal and appropriate them by faith.

Enlarge our capacity for growth in a faith which can never be eclipsed or extinguished by those dark clouds of atheism and agnosticism, of cynicism and confusion, which sometimes hover over us and haunt us.

May the solemn oath of office, which we have taken, be a vow of dedication and devotion, inspiring us to realize that we never read the meaning of our high calling aright until we pursue it faithfully and without fear.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills and a concurrent resolution of the House of the following titles:

H.R. 1700. An act for the relief of Jaime Abejuro;

H.R. 2187. An act for the relief of Augustin Ramirez-Trejo;

H.R. 2198. An act for the relief of Carlos Sepulveda Abarca;

H.R. 6374. An act to clarify the application of the Government Employees Training Act with respect to payment of expenses of attendance of Government employees at certain meetings, and for other purposes; and

H. Con. Res. 347. Concurrent resolution tendering the thanks of Congress to General of the Army Douglas MacArthur.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 919. An act to amend section 9(b) of the act entitled "An act to prevent pernicious political activities" (the Hatch Political Activities Act) to eliminate the requirement that the Civil Service Commission impose no penalty less than 90 days' suspension for any violation of section 9 of the act;

S. 1884. An act to encourage the creation or original ornamental designs of useful articles by protecting the authors of such designs for a limited time against unauthorized copying; and

S.J. Res. 137. Joint resolution to authorize the Secretary of Commerce, in cooperation with the State of Alaska, to undertake studies and surveys relative to a highway construction program for Alaska, and for other purposes.

THE LATE BRYANT THOMAS CASTELLOW

(Mr. FORRESTER asked and was given permission to address the House for 1 minute.)

Mr. FORRESTER. Mr. Speaker, last night a magnificent American, a great constitutionalist, a rugged individualist, and a most respected Member of this great body, dropped the working tools of this life and passed on to meet his Maker.

The one I refer to was Hon. Bryant Thomas Castellow. Mr. Castellow was born on a farm in Quitman County, Ga., July 29, 1876. He attended the local schools, Mercer University, and graduated from the Law School of the University of Georgia in 1897. He commenced the practice of law that year in Fort Gaines, Ga., and, endowed with a splendid mind and being a tireless worker, he met with one success after another.

Mr. Castellow was solicitor of the Clay County court in 1900 and 1901 and judge of that court from 1901 to 1905. He was solicitor general of the Pataula circuit from January 1, 1913, until his resignation on October 7, 1932, occasioned by his election to the U.S. Congress to fill the vacancy caused by the resignation of that distinguished former Congressman, Hon. Charles R. Crisp.

Congressman Castellow served with distinction until January 3, 1937, when he voluntarily retired to private life.

Mr. Speaker, Congressman Castellow was one of the great men of this age. He was far ahead of his time, as reference to his speeches made on this floor will vividly demonstrate. Congressman Castellow eloquently warned against many of our foreign entanglements, the danger arising from a centralized government, and particularly he warned against excessive Federal spending.

All the predictions that were made by this learned and devoted man have certainly come to pass. Mr. Speaker, the remains of this great public servant are being interred in his hometown, the fine little city of Cuthbert, Ga., tomorrow.

The people of the Third District of Georgia, which I now have the honor to represent, will long remember with gratitude the service of this devoted man to mankind. I am immensely proud of his record. I grieve with his devoted wife and splendid daughter, Mrs. Aaron Ford, over the loss of this noble husband and father.

Mr. Speaker, I am certain that this great legislative body has been enriched by his service here, and I want his fine wife and daughter to know that his name will always be recalled in the Halls of Congress with affection and pride.

Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the life, service, and character of our late colleague, Hon. Bryant Thomas Castellow.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

POLITICAL ACTIVITIES OF VETERANS OF WORLD WAR I

(Mr. CELLER asked and was given permission to address the House for 1 minute.)

Mr. CELLER. Mr. Speaker, in 1958, the Congress voted to approve a congressional charter for the Veterans of World War I. When the legislation providing for that charter was before the Committee on the Judiciary, representatives of this organization testified that there was a need for a veterans organization which would be more sympathetic to the veteran of World War I.

Over 4 years have gone by since this organization was granted a charter. Its one apparent act of understanding for the problems of the World War I veteran has been an intensive campaign of political intimidation directed at obtaining a pension for every such veteran.

The activities of this organization have not been limited to lobbying for a pension. It has been brought to my attention that officers of this organization have, in fact, gone so far as to intervene in political campaigns against those Members who believe that an across-the-board veterans' pension would be contrary to the best interests of the Nation. These activities are directly contrary to section 11 of the organization's charter which prohibits the corporation or its officers and agents from supporting or assisting any political party or candidate for public office.

Election years often produce an Alice-in-Wonderland atmosphere but I fear that the action of some Members of this House in respect to the World War I veterans' pension would make them uncomfortable even in the world of Alice-in-Wonderland. It is passing strange that 45 of the most aggressive proponents of this $11 billion pension grab were among those who voted against an increase in the debt ceiling.

Consistency may be the hobgoblin of little minds, but an inconsistency of this magnitude is sheer demagoguery.

POLITICAL ASPECTS OF JUDGESHIP APPOINTMENTS

(Mr. HALEY asked and was given permission to address the House for 1 minute.)

Mr. HALEY. Mr. Speaker, several days ago there was quite a discussion on the floor of this House as to the appointments of Federal judges made by the various Presidents. I have with me today a list of the appointments made by the last several Presidents of the United States.

Mr. Speaker, I ask unanimous consent to include this schedule of appointments with the percentages of Democrats and Republicans, made by the various Presidents, beginning with Warren G. Harding.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

The matter referred to follows:

PATRONAGE BOX SCORE

The following list gives the number of Federal judges appointed by President Kennedy's six immediate predecessors during their entire terms of office, and by President Kennedy as of July 5:

President	Democrats	Republicans	Percentage from own party
Harding	3	57	95.0
Coolidge	8	92	92.0
Hoover	14	67	87.2
Roosevelt	229	12	95.0
Truman	143	14	91.0
Eisenhower	15	186	92.5
Kennedy	[1] 105	[1] 10	91.3

[1] 1 Liberal and 1 unaffiliated not included.

THE WEIRTON VARSITY HIGH SCHOOL BAND

(Mr. MOORE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOORE. Mr. Speaker, the Weir Varsity High School Band from Weirton, W. Va., participating in the Fourth World Music Festival at Kerkrade, in the Netherlands, stole the show, said Dutch newspapers today at the opening of the music festival.

The 116-member red-and-white-uniformed band and its 8 pretty majorettes won the first prize when 21 bands marched yesterday into Kerkrade Stadium to mark the opening of the festival. More than 20,000 fans acclaimed the show by the young American band, which was telecast by the West German TV network.

The jury awarded the Weir High Band the day's highest score of 109 points.

I am informed that a Dutch music critic, D. J. Odijk, said that the American teenagers were "outstanding, charming, and glamorous," and that "the band showed imaginative rhythm which contrasted with the conventional strong rhythms of the European bands."

Mr. Speaker, these young Americans are residents of my congressional district. They have spread their musical reputation from the Rose Bowl parade in Pasadena, Calif., to the Macy Thanksgiving parade in New York, and now to the World Music Festival in the Netherlands.

It is interesting to note that these young people put together the necessary finances to make this trip possible. I know that their accomplishments have brought to the United States and to their hometown great appreciation for their hard work.

THE CRIME SITUATION IN THE DISTRICT OF COLUMBIA

(Mr. BECKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BECKER. Mr. Speaker, I take this time now to inform the Members of the House, because of the great concern they have evidenced in the stabbing of my administrative assistant yesterday in St. Peter's Roman Catholic Church two blocks from the Capitol.

I am pleased, after my visit last night and this morning, to tell you she is improving this morning. Of the nine stab wounds only one of them was what could be called a critical wound. The doctors tell me this morning her condition looks very good and she is in fair condition.

Mr. Speaker, yesterday when I spoke I was rather emotional perhaps because this good lady has been with me for some 10 years. She is well known up here on the Hill. I said yesterday, and I repeat today, it is time we do something with our judicial system in the city of Washington, the District of Columbia.

The great number of telephone calls that have come to my office this morning, taken by my secretaries, seems to indicate that many people have the same identical feeling. The penalties are not severe enough, the sentences are not severe enough, the fact that the police are not able to hold alleged criminals in order to investigate.

These and many other things could be done here in the District of Columbia, and we might be able to eliminate a disgrace in this great Capital of ours that today might be termed a tragedy in our Nation.

You and I, the Committee on the District of Columbia, and the Members of the House, have a great responsibility to make this Capital of ours safe for the millions of tourists who come here and the people who live here, to make it a place where they would not only be welcome here, as they are in their own cities and towns, and villages, but where they might be safe when walking on the streets of the District of Columbia as they would in their own hometowns.

I beg the Members of Congress to take this into consideration, assume their responsibility, and either enact legislation or call upon our judicial system through our President to bring this about.

One final remark, Mr. Speaker. While this sort of thing has been happening to citizens in Washington, let the day come that it should happen, God forbid, to the wife or daughter of one of the Members of the Congress, then you will see some fast action in this House. But why wait for that? Let us take the necessary action now.

CORRECTION OF ROLLCALL

Mr. SEELY-BROWN. Mr. Speaker, rollcall No. 70 of yesterday lists me as being absent. I was present and answered to my name, and I ask unanimous consent that the RECORD be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

CALL OF THE HOUSE

Mr. MASON. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 172]

Alexander	Hébert	Purcell
Alford	Hoffman, Mich.	Rogers, Colo.
Ashbrook	Holifield	Rogers, Tex.
Bass, N.H.	Ichord, Mo.	St. Germain
Blitch	Jennings	Saund
Boggs	Kilburn	Scherer
Bolton	King, Utah	Scranton
Chelf	Lipscomb	Shelley
Coad	Loser	Sheppard
Cramer	McSween	Sibal
Curtis, Mass.	McVey	Smith, Miss.
Davis, Tenn.	Merrow	Stratton
Diggs,	Moorehead,	Taber
Dominick	Ohio	Teague, Calif.
Frazier	Moulder	Thompson, La.
Gray	Nedzi	Thompson, N.J.
Green, Oreg.	Norblad	Willis
Gubser	Pilcher	Winstead
Harrison, Va.	Powell	Yates

The SPEAKER. On this rollcall, 379 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FOREIGN ASSISTANCE ACT OF 1962

Mr. MORGAN. Mr. Speaker, I call up the conference report on the bill (S. 2996) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

The Clerk will read the statement.

Mr. MORGAN (during the reading of the statement). Mr. Speaker, I ask unanimous consent that the statement of the managers on the part of the House be considered as read since it was printed in the CONGRESSIONAL RECORD on last Friday.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. WALTER]?

Mr. HALEY. Mr. Speaker, reserving the right to object, is the gentleman from Pennsylvania going to give us some explanation of the amendments and an explanation as to the position of the House and the position of the Senate, and what the House has given away in this so-called conference?

Mr. MORGAN. We hope to do that.

Mr. HALEY. I am glad to hear it.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

(For conference report and statement, see proceedings of the House of July 20, 1962.)

The SPEAKER. The gentleman from Pennsylvania [Mr. MORGAN] is recognized for 1 hour.

Mr. MORGAN. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, the conference report which I bring back to the House this morning provides ample evidence that the managers on the part of the House have done a good job in defending the House bill.

The total authorization in the Senate bill was $4,308,900,000. The total authorization in the House bill was $3,615,400,000, plus a continuing authorization without a dollar limit for an appropriation for the reserve for investment guarantees. The bill we bring back from conference authorizes $3,618,900,000—a figure which is only $3,500,000 higher than the authorization approved by the House.

The table on page 12 of the conference report gives a detailed statement of the figures contained in the bill as agreed upon. We have not been able to devise any way by which it is possible to get an accurate impression without reading the footnotes to the table. The problem arises from the fact that the Senate bill included an authorization for an appropriation for the reserve for investment guarantees of $100 million. The House bill contained a continuing authorization of such amounts as may be necessary from time to time to carry out the purposes of this title. The Senate receded and accepted the House provision. For this reason, a specific authorization of $100 million has been eliminated from the Senate bill. It is not correct, however, to regard this elimination of the $100 million figure as a reduction of the authorization contained in the Senate bill by this amount since the bill now authorizes an appropriation which could substantially exceed the $100 million figure.

With respect to the funds authorized, the House made only two concessions to the Senate:

The House approved an authorization of $1,500,000 for investment surveys, while the Senate approved an authorization of $5 million for this purpose. The conference agreed to a figure of $2 million—an increase of $500,000 above the House figure and a decrease of $3 million below the Senate figure.

The other concession made by the House conferees with respect to money involved administrative expenses. The House bill authorized $50 million for administrative expenses and the Senate bill authorized $55 million for this purpose. The figure finally agreed upon was $53 million—an increase of $3 million above the House bill and a decrease of $2 million from the Senate bill.

Let me call your attention, however, to the fact that the Senate bill contained language prohibiting the use of the transfer authority which is in the Foreign Assistance Act to increase the funds available for administrative expenses. The House bill did not contain such a provision. The House receded and accepted the Senate language. The result is that although we agreed to an increase of $3 million in the funds available for administrative expenses, we eliminated authority contained in existing law to increase that amount by transfer. This transfer authority had been used during fiscal 1962 to increase the funds available for administrative expenses by $5 million.

The managers for the House agreed to a shifting of funds from supporting assistance to the contingency fund which did not affect the total authorization contained in the House bill. The House had approved an authorization for supporting assistance of $440 million while the Senate figure was $400 million. With respect to the contingency fund, however, the House had approved an authorization of $275 million while the Senate figure was $300 million. The conferees agreed to increase the contingency fund authorization by $25 million and to reduce the authorization for supporting assistance contained in the House bill by $25 million—an equivalent amount. The result was that supporting assistance was cut from $440 million to $415 million while the contingency fund was increased from $275 million to $300 million. There was no difference in the total authorization of the House bill, however.

The only major provision of the House bill on which the managers on the part of the House receded was the prohibition of support to the United Nations adopted on the floor of the House as a result of an amendment offered by the gentleman from Iowa [Mr. GROSS]. The Senate conferees stood very firmly against this provision and were less insistent in their demands for modification of the Casey amendment relating to assistance to Poland and Yugoslavia and for modification of the House language relating to expropriation than would have been the case had the House managers not made this concession.

The language of the Casey amendment prohibiting aid to Communist countries has been brought back unchanged, except for authority to utilize foreign currencies owned by the United States for hospitals outside the United States founded or sponsored by U.S. citizens and serving as centers for medical treatment, education, and research. This exception was made in order that a children's hospital now under construction in Krakow, Poland, could be completed. The United States has a substantial surplus of Polish zlotys which it is unable to use under present conditions. The United States has already contributed $1,550,000 worth of zlotys for this hospital, and the steel frame for the building has already been erected. A fund of $3 million to equip the hospital is being raised by private contributions in the United States. There is strong support for this hospital in the Senate as there is in the House. I believe there will be general agreement that it would hurt the United States and help Khrushchev if this hospital for the children of Poland is left unfinished.

The provision contained in the House bill relating to expropriation was accepted by the conference with the addition of two phrases. The first includes the words "may include arbitration" among the appropriate steps to be taken, and the second qualifies the "obligations" of the expropriating country toward U.S. citizens or entitles as obligations "under international law." The addition of these phrases was suggested by advocates of a tough U.S. policy toward expropriation as strengthening the language of the House provision.

An examination of the conference report will show that while it was necessary for the managers on the part of the House to accept compromises in a number of positions, these compromises have retained the spirit and the effectiveness of the language. For instance, the amendment proposed by the gentleman from Virginia [Mr. HARDY], which was adopted on the House floor, prohibiting the committing or setting aside of more than $50,000 of Development Loan Fund or Alliance for Progress funds unless an application for such funds had been received, together with sufficient assurances to indicate that the funds would be used in a sound manner, was agreed to by the conference although the ceiling of $50,000 was increased to $100,000. Since most loan transactions involve magnitudes of more than $1 million rather than sums of $50,000, this modification accepted by the House conferees should not diminish the effectiveness of the House provision.

It is necessary in any conference to make concessions and to compromise. I am sure that a careful examination of the conference report will indicate that the managers on the part of the House have effectively defended the House bill and that the bill we have brought back preserves in most instances the bill approved by the House.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. GROSS. How firm did the House conferees stand on this matter of allowing the President to purchase U.N. bonds?

Mr. MORGAN. They stood very firm on the gentleman's amendment.

Mr. GROSS. The conference was over in a matter of a couple of hours, was it not?

Mr. MORGAN. No. It was a long conference. The conference lasted all day.

Mr. GROSS. All day?

Mr. MORGAN. All day, until 7:30 in the evening.

Mr. GROSS. But the House conferees did not stand firm enough; the Senate prevailed.

Mr. MORGAN. The House conferees took a firm stand on the gentleman's amendment, I assure the gentleman.

Mr. HALEY. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. HALEY. Under the language now contained in the authorization is it pos-

sible for a President of the United States to purchase $100 million of U.N. bonds? Is there any such authority in the bill?

Mr. MORGAN. No, there is no such authority in this bill. As the gentleman knows, the Committee on Foreign Affairs is now holding hearings on the U.N. bond purchase. The hearings will be completed in a couple of days, and the commitee will start marking up the bill. It is the intention of the Committee on Foreign Affairs to bring up separate legislation on the purchase of U.N. bonds.

Mr. HALEY. But is the authority in the language of this authorization broad enough to permit the President to purchase $100 million of U.N. bonds? Is there any authority in this bill under which the President could do that?

Mr. MORGAN. Well, it might be possible, to stretch the authority under the contingency fund, but there is not enough money to operate the contingency fund to take care of the emergencies that may occur all around the world and to finance the U.N. bond issue.

Mr. HALEY. I thank the gentleman. I hope there is not. The House should clearly pass on that kind of a situation and this should not be done by some backdoor method of approach.

Mr. ALGER. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Texas.

Mr. ALGER. I would like to ask the chairman in reference to page 16 of the conference report where it speaks of the Senate bill containing no comparable provision in the position of the support of the United Nations. The report says:

The managers on the part of the House were convinced that this provision was more far reaching in its effects than was apparent at the time of its consideration by the House.

Am I correct in construing that to mean that the conferees felt that we did not know what we were doing in the House at that time?

Mr. MORGAN. The gentleman will remember that during the debate the vote on the amendment came quick. Those of us at the committee table, and I am including myself, had no opportunity to oppose or to debate the amendment. This is what we had in mind in the report.

Mr. ALGER. I have read the report, and it makes me feel that our House conferees have no defense at all when the House yielded in conference. I recognize the gentleman shared a different viewpoint, as did all the conferees, yet the House voted the other way.

Mr. MORGAN. I think the gentleman is incorrect. One of the conferees voted for the amendment of the floor.

Mr. ALGER. One of our conferees did?

Mr. MORGAN. Yes.

Mr. ALGER. But the others did not.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman from Pennsylvania says my amendment came quick. Did the amendment come any quicker than any other amendment to the bill?

Mr. MORGAN. The vote came quicker than on some of the other amendments.

Mr. GROSS. What does the gentleman mean by the statement that the amendment came too quick? I am sure a majority of the Members of the House were not taken off their feet by the amendment. I do not know exactly what the gentleman means when he says the amendment came quick.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

Mr. MORGAN. Mr. Speaker, I yield myself 2 minutes.

What I mean is this: The majority did not have time to examine the amendment nor to speak on it before it was called to a vote. That is why I used the term "quick."

Mr. ALGER. Mr. Speaker, will the gentleman yield further?

Mr. MORGAN. I yield to the gentleman from Texas.

Mr. ALGER. I do not, of course, understand the definition of "far reaching," more far reaching in its effect, on page 16, as I quoted before. Let me refer now to page 18 under the heading: "Assistance to Countries Assisting Cuba." In the last paragraph there seems to be a difference in language in that furnishing of assistance to Cuba was changed to giving aid to Cuba. Can the gentleman explain the difference? What are those two clarifying amendments that are mentioned?

Mr. MORGAN. The amendment referred to by the gentleman from Texas was offered by the gentleman from Florida [Mr. ROGERS] and contained the words "and hemispheric interest." The clarifying amendment eliminates the words "and in hemispheric interest." That strengthens the amendment, in the opinion of the conferees.

There was also a question whether the language adopted by the House gave the President discretion not provided under existing law to give aid to Cuba. The Conference adopted clarifying language to make clear that the existing law, denying aid to Cuba, was not altered by the Rogers amendment.

Mr. ALGER. Does the gentleman think you have strengthened the amendment?

Mr. MORGAN. Yes.

Mr. ALGER. By permitting the President to go outside of the hemisphere and permit other countries to trade with Cuba. I cannot see that that strengthens it at all. It seems to me like it is broadening the discretion.

Mr. MORGAN. As the gentleman knows, there has to be a Presidential determination. We feel that with the Presidential determination the elimination of the words "and hemispheric interest" would strengthen the amendment.

Mr. FASCELL. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Florida.

Mr. FASCELL. As a matter of fact, under the amendment now the President would have to find it is in the national interest.

Mr. MORGAN. Yes.

Mr. FASCELL. So it does strengthen the amendment.

Mr. MORGAN. Mr. Speaker, it is necessary in any conference to make concessions and compromises. There were 46 points of difference in this bill, even though the bill was short, the Senate receded to the House on 17 points and the House receded to the Senate on 11. The rest were compromised. I think this is a very good conference report, and I urge the House to adopt it.

Mr. HAYS. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Ohio.

Mr. HAYS. Mr. Speaker, I think the gentleman from Pennsylvania has made a very good presentation of this conference report. However, one thing might be spelled out a little more definitely. He gave the figure that the conferees finally came out with, and he pointed out it was $3.5 million higher than the House figure but also $690 million lower than the Senate figure.

Mr. ALGER. Mr. Speaker, I am opposed to the conference report because I believe that our House conferees capitulated to the Senate conferees and both bodies' conferees lost to the President. The President succeeded in getting just what he wanted and the House and Senate lost out in the conference. The House lost the prohibition of support of U.N. bonds. The Senate lost any control over aid to Communist countries as the House amendment was taken. In like manner the assistance to Cuba, to countries which expropriate American property, the assistance to Communist nations under 214(b), counterpart money. The House and Senate conferees weakened the guidelines on spending. For these reasons I am opposed to this conference report.

Mr. GROSS. Mr. Speaker, the gentleman from Pennsylvania [Mr. MORGAN] says the House of Representatives was subjected to some kind of quick action and the gentleman from Minnesota [Mr. JUDD] says the Members were under some kind of misapprehension or spell when my amendment dealing with the financing of the United Nations was adopted.

The CONGRESSIONAL RECORD for July 11, 1962, when the foreign handout bill was before the House, clearly refutes both these statements. The RECORD shows that there was an aye-and-nay vote; then a division vote which I requested and which showed the amendment adopted 90 to 78. Thereupon, the gentleman from Pennsylvania demanded and obtained tellers and that vote was 124 to 112, again in favor of the amendment.

These three votes demonstrate beyond the slightest doubt that a majority of the Members present were neither the victims of quick action nor were they under any misapprehension about what they were doing. If either the gentleman from Pennsylvania [Mr. MORGAN] or the gentleman from Minnesota [Mr. JUDD] was convinced this was the case either or both of them could have re-

quested a rollcall vote on the amendment. Neither of them did. What they did do was take the bill to conference and there they joined in scuttling my amendment.

The parliamentary situation today is such that it is impossible to offer the amendment to this conference report. But I can assure those who may be interested that it will be offered when the United Nations bond bill comes to the House floor unless that measure is considered under a gag rule.

Mr. MORGAN. Mr. Speaker, I yield such time as he may desire to the gentleman from Illinois [Mr. CHIPERFIELD].

Mr. CHIPERFIELD. Mr. Speaker, during my 24 years of service in Congress I believe the most notable change in our Government is the tremendous expansion of our Federal Government both in manpower and in expenditures. This is particularly true in the foreign field.

In the 73d Congress—1934–35—the Foreign Affairs Committee of the House got around to legislation only in the second session when it passed nine minor public bills. None of these even remotely resembled a controversial issue. The money involved was a mere $102,000.

In 1938, the year I was first elected to Congress, the personnel strength of the State Department in Washington was 963 and the appropriation for that Department in Washington, for the Foreign Service, and for international organizations in which the United States participated was approximately $20 million. Now the State Department employs 21,800 people and the appropriation request for fiscal 1963 is $144,210,000. This does not include 12,350 AID employees, or the request this year for $4,800 million for foreign aid. The total foreign assistance under mutual security from 1946 to 1961 amounts to $90,510 million.

The last calendar of the Foreign Affairs Committee required 199 pages just to list the measures pending before it. The particular reason I mention this gargantuan increase of both personnel and Federal expenditures in the foreign field is that it reflects the role of worldwide leadership upon which this country has embarked. This in turn points out the tremendous responsibilities which have been placed not only upon the executive branch of our Government but upon the Congress as well.

While under the Constitution the President and the Secretary of State have the authority and the responsibility of carrying out our foreign policy, the Congress has had a corresponding responsibility because of its appropriating authority and providing guidelines for such expenditures.

If I were to commend my Foreign Affairs Committee it would be for its bipartisan or nonpartisan approach in solving our international problems. It is conceded that while we can afford to differ on our domestic problems, when we leave our shores we must present as unified policy as possible. While individuals in the committee always have the right to their individual views, I believe the Foreign Affairs Committee has been particularly successful in not allowing partisan politics to influence their viewpoint. While at times the committee may have seemed to go off on a tangent, on the whole I believe it has kept the objectives of our foreign policy predominant and free from prejudice and uninformed propaganda of the moment.

There is an absolute need for closer cooperation and liaison between the Congress and the executive branch. During Secretary Acheson's tenure as Secretary of State he recognized the need and formalized a closer liaison which was followed by the Eisenhower administration and continues under the present one.

As I have pointed out, we have embarked upon a course of worldwide leadership in order to bring about peace and security not only for the United States but for the free world. I do not believe we can withdraw from this policy. It is for that reason I supported H.R. 11921 to implement our foreign assistance program, and now support the conference report.

In money amounts your House conferees were able to reduce the Senate bill by $690 million while the net adjustment against the House bill was an addition of only $3,500,000. This was accomplished mainly by cutting the Senate figure of $800 million for each of the fiscal years 1964, 1965, and 1966 for the Alliance for Progress to $600 million for each of these years.

One of the main issues before the Congress was the question of assistance to Communist countries. The Senate had a flat prohibition against such aid. The conferees agreed on an amendment which only permitted such aid when the President made certain enumerated finding; namely, first, such assistance is vital to the security of the United States; second, the recipient country is not controlled by the international Communist conspiracy; and third, such assistance will further promote the independence of the recipient country from international communism.

Another controversial issue was prohibition of support to the United Nations until all the members paid in full their share of expenses. Although this limitation permitted the United States to make payment of its assessed share of United Nations expenses, it prevented voluntary contributions to the Children's Fund, the United Nations technical assistance program and a number of other operations as long as any United Nations member was in arrears in its payments. The Senate conferees were adamant against this provision and the House conferees felt it would be an incentive to the Communist countries to refuse to meet their payments in order to prevent U.S. participation in United Nations activities which the Communist nations disapprove. The amendment seemed to go too far and to tend to destroy the effectiveness of the United Nations, so the House conferees receded on this point.

The House conferees did insist on a strong statement of policy against discrimination against U.S. citizens because of race, color, or religion.

I believe on the whole the conference report strengthened the Foreign Assistance Act and a study of the report will indicate the House receded 11 times and the Senate receded 17 times. Therefore, it is evident the House substantially maintained its position and I favor the adoption of the conference report.

Mr. MORGAN. Mr. Speaker, I yield such time as he may desire to the gentleman from Wisconsin [Mr. ZABLOCKI].

Mr. ZABLOCKI. Mr. Speaker, I rise to urge the adoption of the conference report on the Foreign Assistance Act of 1962.

The managers on the part of the House have worked hard to bring from the conference a report which would approximate as closely as possible the House-approved version of this legislation. I believe that we have succeeded in this task. I wish, therefore, to take this opportunity to commend the chairman of the Committee on Foreign Affairs, the gentleman from Pennsylvania [Mr. MORGAN] and the other House conferees for their dedicated and effective efforts.

Mr. Speaker, there are three main reasons why I believe this conference report should be adopted overwhelmingly by the House:

First, of the 47 provisions of this legislation in which the disagreements between the two Houses was resolved by the conference committee, the version supported by the House conferees prevailed in 32 instances. This is an outstanding record. The conference report is very close to the contents of the House-approved bill.

Second, the conference report—insofar as the authorization of funds is concerned—is only $3.5 million higher than the House-approved bill, but close to $700 million less than the Senate version of this legislation. The proposed authorization for fiscal 1963, and for the Alliance for Progress through fiscal 1966, has been cut to the bone.

And, third, the provision of the House bill, placing more stringent restrictions on U.S. assistance to Communist-dominated countries, has been retained in the conference report in its entirety.

I would like to say a word on this last point. Because of quite a few inaccurate press reports, the impression seems to have been created that the House—and now the conference committee—have weakened existing restrictions on aid to Communist-dominated countries. To mention but one example, after the House voted on this legislation, one newspaper ran a headline which stated "House Votes Aid for Communist Countries."

These reports are simply not true. On the contrary, the amendment approved on the floor of the House—and accepted by the conference committee—tightened the existing law dealing with U.S. aid to Communist-dominated countries. It provided specifically that such aid can only be extended if the President finds that three carefully spelled-out requirements are met. This is an improvement over the existing law. It strengthens the

law. It further restricts the President's latitude or discretion in providing any foreign aid to Communist-dominated countries. At the same time, however, it does not close the door entirely. Under the House amendment—accepted by the Conference—the President retains some measure of authority which he must have to fulfill his constitutional responsibility for the conduct of our Nation's foreign affairs.

Mr. Speaker, because of the facts which I have outlined, I again wish to urge the membership of the House to overwhelmingly accept the conference report.

(Mr. ZABLOCKI and Mr. CHIPERFIELD asked and were given permission to revise and extend their remarks.)

Mr. MORGAN. Mr. Speaker, I yield such time as he may desire to the gentleman from Texas [Mr. ALGER].

Mr. ALGER. Mr. Speaker, I am opposed to the conference report, and I ask unanimous consent to extend my remarks at that point in the RECORD following my questioning of the chairman.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. MORGAN. Mr. Speaker, I yield such time as he may desire to the gentleman from Florida [Mr. FASCELL].

Mr. FASCELL. Mr. Speaker, I rise in support of the conference report on the Foreign Assistance Act of 1962.

The conferees have worked diligently and I am sure that they have brought back to us the best compromise obtainable with the other body. The House conferees should be commended on their talent and ability in holding the House position on the authorization amounts. Page 12 of the conference report shows in tabular form that the conference agreement is within $3,500,000 of the House version of the bill. The House having originally authorized $3,615,400,000 and the Senate $4,308,900,000. The adjustment by way of reduction is in the amount of $690 million. Holding of this reduction on the part of the House is no small accomplishment, and I commend our distinguished chairman and the members of the conference for their efforts.

I join, Mr. Speaker, in the declaration that aid under this act to any Communist country should be terminated. Although a policy of assistance has lasted through two prior administrations, one Republican and one Democratic, I have always doubted the wisdom and the alleged benefits of this aid. I am pleased that under this administration the aid has been tremendously curtailed. I trust that it can be discontinued completely. I have supported amendments to this act which would bar all aid to any Communist country.

I would rather see it that way, but I must say in all fairness that the present provisions held in the law this year as a criteria for Presidential determination are an improvement in that they are more definite and restrictive than the language contained in the present law.

However, the action of the two bodies of the Congress in the consideration of the Foreign Assistance Act of 1962 together with the voluminous legislative history made on this subject of aid to Communist countries in my judgment clearly indicates the strong opposition and declaration of the Congress to any further assistance under this act to any Communist country.

(Mr. FASCELL asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Speaker, I yield such time as he may desire to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Speaker, I am opposed to this conference report, and I ask unanimous consent to revise and extend my remarks following the colloquy with the gentleman from Pennsylvania [Mr. MORGAN].

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. MORGAN. Mr. Speaker, I yield such time as he may desire to the gentleman from New York [Mr. BARRY].

Mr. BARRY. Mr. Speaker, I rise in support of the conference report. I wish to say that I have examined every point of difference that occurred between the Senate and the House versions, and I feel that the conference report agrees substantially with the House version which was adopted and that it further strengthens the general philosophy expressed by the House of Representatives in adopting the Foreign Assistance Act.

Mr. MORGAN. Mr. Speaker, I yield such time as he may desire to the gentleman from Missouri [Mr. JONES].

Mr. JONES of Missouri. Mr. Speaker, I take this time to inquire of the chairman relative to a matter of great importance. You will recall that I offered an amendment which would have limited the amount of the U.S. contributions to special U.N. programs to not more than 50 percent. This amendment was rejected by the House on a voice vote. There was at least some reason to vote for the Gross amendment which was adopted by the House which went much further than that. I talked to one of the members of the committee of conference, and it was indicated that somewhere in this report there would be some effort made or some indication that the United States would try to get other countries to make greater contributions and not leave us in the same position that we have been in of contributing 70 to 75 or 90 percent to a fund that was administered in a way that was not in the best interests of the United States. Now, I cannot find that in the report.

Mr. ZABLOCKI. Mr. Speaker, if the gentleman will yield, I wish to apologize. I was not in the city over the weekend, and I did not have an opportunity to put reference to that amendment in the report as I promised the gentleman. But I wish to advise the gentleman from Missouri that I did bring up his suggestion, and that the conferees would not consider it because the language was not contained in either version. But, I do apologize because this was not mentioned in the report.

Mr. JONES of Missouri. Will you not agree, though, that the amendment that was adopted by this House went much further than that? There are a lot of us that are not inclined to go along with the conference report, because it seems to me like the conferees abandoned the instructions that were given and did not bring us back anything to retain even a part of what we were trying to obtain.

Mr. ZABLOCKI. I want to assure the gentleman from Missouri [Mr. JONES] that the conferees tried to save at least a portion of the gentleman's amendment, but the Senate conferees were adamant.

Mr. JONES of Missouri. In other words, under the circumstances the way they exist, I am inclined to vote against the conference report. I have never voted against the foreign aid bill, but I can state at this time that I am strongly influenced to vote against it and try to get some language written into law to bring about some sanity with reference to the special funds of the United Nations.

Mr. MORGAN. If the gentleman will yield, I can assure the gentleman that next year during the markup of the bill, I will be glad to consult with the gentleman. I agree with the gentleman that the U.S. share of contributions to a number of U.N. organizations should be reduced.

Mr. JONES of Missouri. I thank the distinguished chairman for this assurance, and under the circumstances may reluctantly vote to support the conference report.

Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Speaker, your conferees have come back with a bill that has all of the essentials of the House bill, except one, the Gross amendment, which placed a ban on the use of funds for the purchase of U.N. bonds or support of other U.N. activities, except assessments for our share of regular U.N. expenses, until all members have paid their full share of all U.N. expenses, including operations in the Congo and the Gaza Strip. The conferees agreed to the Senate position that since we have separate legislation on that whole subject before the Congress, it should not be dealt with in this bill with only a brief discussion in the House.

Mr. Speaker, on every other major point the Senate yielded to the House position. As the chairman of the Committee on Foreign Affairs, the gentleman from Pennsylvania [Mr. MORGAN], has suggested, the agreement on amounts authorized was one horse, one rabbit, so to speak. The other body came down $90 million in authorizations for this year's appropriation; down $690 million in authorizations for the next 4 years. Whereas, the House went up only $3.5 million for increases in administrative expenses and investment surveys.

Mr. Speaker, the one thing I would like to do here is to try to correct, if possible, an impression which went out all over the country that the House of Representatives when we considered the bill 2 weeks ago, took a weaker position than previously existed on the question of aid to Communist-dominated coun-

tries. I will dare to say there was not a single person in the House of Representatives who thought that we were relaxing the restrictions on the President's authority to give aid to Communist countries. Every Member of the House of Representatives knew we were tightening those restrictions. Yet almost all of stories and headlines that I saw in the newspapers or reports I heard over the radio—were to the effect that the House of Representatives had weakened our position. One headline read "President Given Power To Aid Reds." Another headline read "House Grants Option To Aid Reds," as if the House of Representatives were removing or relaxing or at least reducing the restrictions on the President's authority to give aid and assistance to Communist countries.

Mr. Speaker, this was completely untrue. The President has had the option all along; the House tightened the restructions on his option. The result of this unfortunate impression could be, and I fear has been, damaging; damaging, first, to our country because that impression spread around the world may give some countries the notion that our Congress and the country are softening up on aid to Communists, and they can therefore play footsie with Moscow or Peiping or even tie up with the Communist bloc and still get aid from the United States, when the facts are the very opposite. The impression has also been damaging to congressional support for the whole foreign-aid bill, and it needs all the support it can get, millions of Americans are properly opposed to any increase in power to use their dollars for aid to Communist countries, and they react strongly against anything they think might do that. If the language adopted had actually meant a relaxing of existing restrictions on such assistance, I, too, would have voted against the foreign-aid bill.

The fact is that the bill passed by the House, and the conference report has exactly the same language, does not reduce or loosen or relax existing restrictions on the President's authority to waive the ban on aid. It tightens the ban. It makes it more restrictive. It makes it tougher and more difficult than does existing law for him to justify giving such aid.

It is, of course, true that the House bill was not as restrictive as the Senate bill. The Senate bill put an absolute ban on such aid with no waiver possible, except for surplus agricultural products. The House took a middle position between existing law which had a moderately stringent prohibition and the Senate's absolute ban. I thought ours was the right and sound position because, as I said during the debate, I believe in the division of powers and functions prescribed in the Constitution of the United States and I do not think we should try completely to control the President's conduct of our foreign affairs, within guidelines which the Congress has the right and duty to lay down.

Mr. Speaker, let me make clear what we actually did. Existing law reads:

> No assistance shall be furnished under this Act to the government of any country unless the President determines that such country is not dominated or controlled by the international Communist movement.

That is the one determination the President has had to make in order to waive the restrictions. These are the new requirements:

> No assistance shall be furnished under this Act, as amended (except sec. 214(b)) to any Communist country. This restriction may not be waived pursuant to any authority contained in this Act unless the President finds and promptly reports to Congress that—

Which he did not have to do before—

> (1) such assistance is vital to the security of the United States—

Not just important to the United States; not just useful, not just helpful, to the United States. Before he can waive the ban, he has got to find and report that giving aid to a certain Communist country is vital to the security of the United States; not to our commerce or trade; not to our exchange of persons program; not even to the benefit of people in that country; but vital to the security of the United States. Also that—

> (2) the recipient country is not controlled by the international Communist conspiracy—

Which is similar to the language in existing law—

> and (3) such assistance will further promote the independence of the recipient country from international communism.

Mr. Speaker, I want the record this time to be perfectly clear and incapable of misunderstanding by anybody in our country, that the House of Representatives does not look with favor upon the kind and the amount of aid that has been given to some of these countries in the past, and the overwhelming majority does not approve such aid in the present or the foreseeable future.

I think the Members will recall that when the vote was taken on the Casey amendment, as amended by the Morgan amendment, I asked for a division and my words were:

> Mr. Speaker, to make clear to everyone how strong is the feeling of the House against aid to Communist countries, I ask for a division.

And the Members stood up, 277 to 4. This was the evidence of the House's opposition to aid to Communist countries. Adoption of the Morgan amendment was evidence of our desire to act responsibly and within the proper division of powers prescribed in our Constitution.

Mr. PELLY. Mr. Speaker, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Washington.

Mr. PELLY. Mr. Speaker, I am distressed indeed that the conferees on the $4.6 billion foreign aid bill agreed to the watered-down House language with regard to curbing aid to Communist countries. I favored the Senate language which would have barred all aid except agriculture products under Public Law 480, as against the House version which gives the President discretion to act under certain circumstances.

Mr. Speaker, I have read the Senate debate on the conference report, especially with regard to droping the bar on aid to Red countries. Great stress was made by the Senate conferees in presenting the conference report that the vote in the House on the House language had been 277 to 4. Reference was made to the fact that in conference the House conferees had insisted on the House language and had used, as an argument, this vote of 277 to 4, whereas when the Senate adopted their stronger language the vote had been 57 to 24.

Now, Mr. Speaker, I have great respect, individually and as a group, for the House conferees and I know that they would not intentionally cite figures which were not quite correct. But it seems to me that more properly the vote of the House on the differences between the two versions came on earlier votes. The vote, 277 to 4, was a vote for or against language in the Foreign Assistance Act to put any restraint at all on aid to the Communists.

Mr. Speaker, it seems to me that as I recall the votes in the House were as follows: First, there was the vote on the amendment offered by the gentleman from Pennsylvania [Mr. MORGAN] to the amendment offered by the gentleman from Texas [Mr. CASEY]. The amendment of the gentleman from Pennsylvania was the one that watered down the Casey amendment; it was the one that gave the President discretion to aid Communist countries.

Mr. Speaker, on this particular amendment there was no count, the Chair announced that the amendment was agreed to. Certainly, the vote was close; it was not a question of only four Members of the House opposing the amendment to give the President the authority to aid the Communists.

A similar vote was taken on the amendment by the gentleman from New Jersey [Mr. FRELINGHUYSEN] to the substitute offered by the gentleman from Ohio [Mr. FEIGHAN]. Here again there was a voice vote on the amendment to water down the Feighan amendment and no count was taken as to the number of Members who voted "no."

Impression has been given to the Members of the other body that only four Members of the House were opposed to giving the President authority to aid the Communist nations. That vote of 277 ayes and 4 noes was on the amendment offered by the gentleman from Texas, as amended—in other words, as watered down. I think that the House conferees in citing this latter vote were citing figures to back up their argument in favor of the House language which were not representative of the sentiments of the House. I base this on the statements made last week in the other body by a distinguished Senator which is on page 13132 of the RECORD, and I quote:

> The item about which we are speaking was one of the very last items agreed to. As each item was reached, a preliminary statement was made by each side. The House conferees gave us to understand that they would insist upon the provision. The conferees said that

they had most carefully worked it out, and that the vote in the House had been 277 to 4. The Members of the House stood up and were counted on the question.

Mr. Speaker, it is obvious from the debate that in the Senate many distinguished Members of that body were favorable to a strong provision banning aid to Communist countries. I think it unfortunate that this particular vote was cited to give the impression that only four Members of the House agreed with them.

Furthermore, I think that the wording agreed to in the conference report, as adopted by this House, is not unlike the law as it has existed in the past and which has been such as to allow aid which to me is a waste of the taxpayers' money. It is worse than that because it has strengthened our enemies. Here is the grand total of foreign assistance to Communist countries or countries with Communist leaders which I think is worse than a waste of money:

[In millions]

Poland	$514
Yugoslavia	2,279
Indonesia	598
Ceylon	74
Cuba	51
British Guiana	2
Ghana	26

These are only a few; there are many other countries with Communist leanings that we assist which should be added.

Mr. Speaker, I want to make it clear that I oppose aid to the Communist countries. I have strong faith in our President but I do not have any such faith in many of his liberal advisers nor do I have confidence in the policies of State Department officials such as Dr. Rostow and Under Secretary of State Ball.

Mr. Speaker, I have long believed that by giving aid to the people of the Soviet Union in the early days of the Communist regime the United States did much to make communism in Russia succeed; we helped it to succeed by feeding the people who were hungry and suffering because of the very failures of communism and agricultural collectivism.

I am convinced also, Mr. Speaker, that we may well repeat that mistake by giving grain to Red China. I am told there are highly placed officials in this administration who favor feeding the Red Chinese and that thereby the Chinese Communist leaders will be helped out of the tough spot in which they may well be overthrown. As American grain made the Russian revolution succeed in the Soviet Union originally I do not want to see history repeat itself and our aid go to Mao and the Peiping leadership and thus save them from the results of their Communist collectivism. Accordingly, Mr. Speaker, I shall vote against the conference report.

A constituent of mine has tabulated polls taken by Members of Congress and printed in the CONGRESSIONAL RECORD during the period January through June 23, 1962, having to do with aid to Communist countries. Mr. Speaker, under leave to extend my remarks, I include at this point a tabulation of these congressional polls:

NORTH DAKOTA, SENATOR MILTON R. YOUNG

[Answers in total votes]

Do you believe the foreign aid program should be:

Continued	842
Abolished	893
Less and limited to ant-Communist nations	5,043

WASHINGTON, FOURTH DISTRICT, REPRESENTATIVE CATHERINE MAY

Should the United States stop shipping strategic goods to Communist countries?

	Percent
Yes	90
No	5
No opinion	5

PENNSYLVANIA, 29TH DISTRICT, REPRESENTATIVE ROBERT J. CORBETT

Do you favor foreign aid for countries behind the Iron Curtain like Poland and Yugoslavia that show some independence from Russia?

	Percent
Yes	32
No	68

CALIFORNIA, SIXTH DISTRICT, REPRESENTATIVE JOHN F. BALDWIN

Do you think this country should sell surplus military planes to Communist Yugoslavia?

	Percent
Yes	11.52
No	80.51
Undecided	7.97

Do you think that U.S. foreign aid to neutral countries should be reduced if they repeatedly vote against us in the United Nations?

	Percent
Yes	75.46
No	17.37
Undecided	7.17

OHIO, 12TH DISTRICT, REPRESENTATIVE SAMUEL L. DEVINE

Foreign aid to Communist controlled or satellite countries?

	Percent
Yes	3.0
No	94.2
Undecided	2.8

Neutral countries?

	Percent
Yes	30.9
No	56.6
Undecided	12.6

NATO countries?

	Percent
Yes	62.5
No	25.2
Undecided	12.3

Shipping exports such as surplus foods, ball bearings, jet aircraft, locomotives, etc., to Communist-controlled or satellite countries?

	Percent
Yes	3.3
No	94.7
Undecided	2.0

VIRGINIA, 10TH DISTRICT, REPRESENTATIVE JOEL T. BROYHILL

Do you favor aid to Poland and Yugoslavia?

	Percent
Favor	26.2
Oppose	61.3
No opinion	12.5

To so-called neutralist countries such as India and Indonesia?

	Percent
Favor	41.6
Oppose	46.9
No opinion	11.4

NATO, SEATO and other pro-Western nations?

	Percent
Favor	83.0
Oppose	8.8
No opinion	7.9

WASHINGTON, FIRST DISTRICT, REPRESENTATIVE THOMAS M. PELLY

Should the United States give military aid to Yugoslavia?

	Percent
Yes	11.9
No	75.1
No opinion	13.0

Should the United States give economic aid to Poland?

	Percent
Yes	20.9
No	63.8
No opinion	15.3

Should the United States sell surplus grain to Red China?

	Percent
Yes	21.4
No	72.4
No opinion	6.2

MICHIGAN, SIXTH DISTRICT, REPRESENTATIVE CHARLES E. CHAMBERLAIN

Should we continue foreign aid to Tito's Yugoslavia?

	Percent
Yes	16
No	61
Not sure	23

TEXAS, 21ST DISTRICT, REPRESENTATIVE O. C. FISHER

Should foreign aid be confined to friendly countries?

	Percent
Yes	85.76
No	7.07
No opinion	7.16

Should foreign aid be reduced?

	Percent
Yes	78.59
No	10.90
No opinion	10.50

MARYLAND, SENATOR J. GLENN BEALL

Do you think we should give aid to nations which call themselves neutral but vote against us in the United Nations?

	Percent
Yes	9
No	81
Uncertain	10

Do you think this country should give financial aid to sell surplus military planes to Communist Yugoslavia?

	Percent
Yes	6
No	84
Uncertain	10

ILLINOIS, FOURTH DISTRICT, REPRESENTATIVE EDWARD J. DERWINSKI

Should Communist countries receive foreign aid funds?

	Percent
Yes	3
No	92
Not sure	5

ILLINOIS, 13TH DISTRICT, REPRESENTATIVE MARGUERITE STITT CHURCH

Do you favor U.S. aid to Communist satellite countries?

	Percent
Yes	7.8
No	85.7
No opinion	6.5

OHIO, 15TH DISTRICT, REPRESENTATIVE TOM V. MOOREHEAD

Should U.S. foreign aid funds and surplus food be made available to the Communist governments of Poland and Yugoslavia?

	Percent
Yes	11.5
No	82.2
No opinion	6.3

MASSACHUSETTS, FIRST DISTRICT, REPRESENTATIVE SILVIO O. CONTE

Continued economic aid under the foreign aid program to nations committed to our allies?

	Percent
Yes	75
No	14
Undecided	6
No opinion	5

Continued military aid to nations committed as our allies?

	Percent
Yes	73
No	11
Undecided	7
No opinion	9

Economic aid to:

Yugoslavia:	
Yes	19
No	50
Undecided	18
No opinion	13
Poland:	
Yes	22
No	48
Undecided	17
No opinion	13
Egypt:	
Yes	22
No	45
Undecided	20
No opinion	13
Indonesia:	
Yes	26
No	33
Undecided	22
No opinion	19
India:	
Yes	38
No	32
Undecided	18
No opinion	12
Newly independent but neutral nations?	
Yes	55
No	17
Undecided	16
No opinion	12

MICHIGAN, EIGHTH DISTRICT, REPRESENTATIVE JAMES HARVEY

Continuing aid to Communist Yugoslavia?

	Percent
Yes	8.9
No	83.2
No response	8.0

Mr. JUDD. Mr. Speaker, I am glad the gentleman has taken the trouble to assemble these polls. They say essentially what the House said when it voted. No matter what any one may have said in the Senate, the 277 to 4 vote meant the House is overwhelmingly for tightening the restrictions on the President's authority to give assistance to Communist countries. The misunderstanding or misrepresentation of our position which has gone far and wide has been mischievous from the standpoint of the well-being of our country. It did not portray to the people and to the world what was unquestionably the overwhelming sentiment of the Members of the House against aid to Communist countries, reflecting in my opinion the overwhelming sentiment of the people of our country.

Mr. ALGER. Mr. Speaker, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Texas.

Mr. ALGER. Mr. Speaker, I want the gentleman to know that while I do not question his zeal or the intent of the firm language he has used today, I do gravely question the interpretation that the gentleman has placed on what some of us Members thought we were doing. The difference I think would revolve around the fact that some of us feel that we have dignified aid to communism with a formal debate, and then having indeed voted that we would allow the President to give aid to Communist countries, that we are here going on record as relaxing our attitude, which traditionally is against international communism. I would further say that some of us do not feel the word "international" makes the difference. We are against aid to Communists whether they are international or not. I simply wanted the RECORD to note, without debating with the gentleman at this time, because of the limitation of time, that this Member is not among those the gentleman referred to as saying that he thought all of us felt we were strengthening the law. This gentleman did not and does not.

Mr. JUDD. I do not see how we can adopt tighter restrictions than are in existing law and then say we are weakening the restrictions. The comparison is between existing law and the bill we are now acting on. The language in this conference report is stronger, tougher and tighter in several points than existing law. I do not see how anybody can interpret that as weaker or as loosening the restrictions.

Mr. ALGER. I do not question the gentleman's interpretation as he sees it. I disagree.

(Mr. ALGER asked and was given permission to revise and extend his remarks.)

Mr. ALGER. Mr. Speaker, I have asked permission to add additional remarks since time was limited for debate on the conference—yet I must repeat my adamant disapproval of aid to Communist countries—whether part of the international conspiracy or not.

The people of the satellite countries did not accept Communist domination by popular vote in a free election of choice. They are not free—they are not in democratic societies. The money we give them is used by their Communist governments to tighten the noose about the necks of the people—to strengthen the dictatorship, respectively, and reduce the people's opportunity or possibility to revolt and throw out the oppressors—the Communist Party and its dictatorial leaders. Shame on us for aiding the dictators and communism—our deadly enemies.

It has been said that constitutionally the Congress must not legislate to tie the President's hands in giving aid to whomever he chooses, including the Communist countries. I say, on the contrary, the Constitution is the reason we must deny this money to the Chief Executive. We, in Congress, constitutionally authorize and appropriate the money. Further, the Constitution defines treason as aid to the enemy and prohibits treason. How tragic that some Members of Congress do not correctly construe the Constitution. We are aiding the enemy in giving aid to Communists.

Constitutionally and morally, it is wrong to give one penny to the Communist dictators. There is no assurance, first, that the people will benefit, second, that the people know the help came from the United States, and third, that our aid will not be transhipped to another nation in barter. Finally, what right have we to borrow in order to give it away. Even if aid to the enemy were a legitimate expenditure for us, it should be made only when the money is available. We are mortgaging the future, undermining our economic strength, and sabotaging the heritage of future generations, as we strengthen the alien philosophy of communism and the enemy dictators who subjugate human beings with our money.

The House was wrong to vote aid to the Communists at the President's discretion, and more wrong in capitulating to the House-Senate conferees who substituted the House amendment for the Senate's, the latter at least restricted aid to Communist governments to surplus foods. No aid should go to Communist dominated countries, whether international communism or local communism.

Nor should the conferees have high handedly deleted the House amendment prohibiting support of the U.N. when member nations are delinquent in payment.

Therefore, I am opposed to the conference report our conferees capitulated to the Senate conferees.

Mr. CURTIS of Missouri. Mr. Speaker, will the gentleman yield?

Mr. JUDD. I yield.

Mr. CURTIS of Missouri. I must say I agree with the interpretation the gentleman from Minnesota has of this provision. What disturbs me is what the gentleman said about the reporting by the press. I noticed it myself. It seems that the press is determined to make this appear as a Presidential victory over the Congress in a way that completely disregards what I regard as the actual facts. Would the gentleman comment on that? Also, this seems to be prevalent these days with the press here in Washington, D.C. I wonder if the gentleman would comment on that particular thought.

Mr. JUDD. I am equally disturbed. So often when something happens here, the interpreters say the President won a victory or suffered a defeat. My sole concern is whether the country wins a victory or suffers a defeat. It is not a contest between President and Congress. I do not vote for or against a bill just because President Kennedy is for or against it, or President Eisenhower. I vote for or against it on the basis of whether I think it is good or bad for the country. I am as interested in the

well-being of this country as the President, or anyone else. When a President sends up his suggestions, I pay careful attention to them, of course. If I think his proposal is sound, I vote for it, but not because I am trying to support him. If I think it unsound, I oppose it, but not because I am trying to go against him. Some people seem to think that if, in our honest judgment, we do not agree with the President, we do not belong to the same team—the American team. But we have our responsibilities just as he has his. He was not elected to be the Representative of the Fifth District of Minnesota; I was, for 2 years at a time. When it comes to dealing with other countries, the President is the representative of the United States; not I. I do not think any President ought to try to control what we do within the limitations of the constitutional powers assigned to the Congress. I do not think we ought to try to interfere with or completely control what he does within the limitations of the constitutional powers clearly assigned to him.

Hence I support this language. The key thing is not whether it is stronger or weaker, but whether it is wiser and better for our peace and security.

Mr. MORGAN. Mr. Speaker, I yield such time as he may desire to the gentleman from Connecticut [Mr. MONAGAN].

(Mr. MONAGAN asked and was given permission to revise and extend his remarks.)

Mr. MONAGAN. Mr. Speaker, I support the report of the conference committee and I want particularly to commend the conferees on the part of the House, led by the gentleman from Pennsylvania [Mr. MORGAN], for maintaining so well the position of the House in this conference.

Although the prohibition of support to the United Nations does not appear in the recommendations of the conference in the same form in which it passed the House, I believe that the elimination of this prohibition is in the best interest of our national foreign policy.

We shall in the near future have a separate bill on the question of financing the operation of the United Nations. There will be full and ample opportunity at that time to debate this whole question and the House will then be able to work its will on this subject. To include this matter in the Foreign Assistance Act without adequate notice and with no opportunity for debate was not calculated to provide the House with an opportunity to express its mature judgment on this matter.

In other provisions, the position of the House was maintained and the final result involved a reduction of $90 million under the Senate bill.

The House, to some extent, adopted a wait-and-see attitude on the question of long-term financing for the Alliance for Progress, and it is my earnest hope that the administrators of this program and of the foreign assistance program, generally, will take cognizance of this attitude and make every effort to guarantee that personnel and administration under this law will conform to the necessary standard of excellence.

Certainly, the Congress has provided the Executive with the most modern and most elaborate legislative machinery for the administration of this great program. It is a necessary program and one which provides the Executive with a vital weapon in the contest with the Communist world.

Unless the administration is adequate, however, the objectives of this program will not be attained. I sincerely hope that efficient and sensible operation of this program will be forthcoming so that it will justify the support which has been given to it by the Congress.

Mr. MORGAN. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. PUCINSKI].

Mr. PUCINSKI. Mr. Speaker, I rise in support of the conference report.

I want to point out that in the colloquy that just preceded, with the gentleman from Minnesota in the well, a great deal was said about the interpretations being placed on the recent action by this Congress. I submit that a vast area of our information media for years has been misinterpreting the facts as they actually exist. What we did here in this Congress in approving the foreign aid bill and what we hope to do in this conference report is give the President a free hand to continue giving aid to the people of the captive nations whenever he believes it will help strengthen them in their desire for democracy and help restore freedom to these unfortunate victims of communism. When press headlines stated "Congress Votes Aid to Reds," it was apparent to me that the copyreader who wrote the head on that story did not know the facts. No one in this Congress voted any aid to the Communists. What we did here was vote aid to the victims of the Reds. I want to emphasize the distinction. This provision of the foreign aid bill is designed to help the victims of communism and the bill clearly and emphatically provides that the President may give these unfortunate victims of communism aid only if he can demonstrate to Congress that such aid will actually help these people free themselves from Communist rule. This certainly is a far cry from the completely erroneous press reports that Congress voted any aid to the Reds themselves. Just the opposite is true in this bill. The victims of communism are the people we are trying to help by this program. Nobody in this Congress on either side wants to help Gomulka or Tito or any of the other Communist rulers. This whole program is designed to help free these people from Communist rule. I hope sooner or later, and the sooner the better, the information media in this country will start drawing distinctions between Communist countries and Communist-dominated countries. Poland never has been and never will be a Communist country. Those 30 million people in Poland would never accept communism voluntarily, yet day after day I read in the press references made to Poland as a Communist country.

Poland is a Communist-dominated country, and the same holds true for all the captive nations of Europe—Lithuania, Estonia, Latvia, Czechoslovakia, the Ukraine, Bulgaria, Rumania, Hungary, East Germany, and others. They are being illegally dominated by Communist regimes but the people of these captive nations are not Communists and I submit, Mr. Speaker, that the press and other information media are doing the 180 million people in these Communist-dominated countries a tragic and brutal injustice by constantly referring to their nations as Communist. After 17 years, I believe we have a right to expect from our information media a more accurate description of these Communist-dominated nations. As a matter of fact, Mr. Speaker, those who refer to these captive nations as Communist countries instead of Communist-dominated countries may, inadvertently, be doing Mr. Khrushchev a great service. Mr. Khrushchev would want the free world to believe that the Communists have succeeded in converting their victims to communism. Nothing could be further from the truth. It is for this reason that I hope hereafter we will properly refer to these nations as Communist dominated.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. MORGAN. Mr. Speaker, I yield such time as he may require to the gentleman from New York [Mr. CAREY].

Mr. CAREY. Mr. Speaker, I rise in support of the conference report.

Mr. Speaker, I commend the distinguished gentleman from Illinois on his clear and firm statement. That point needs to be stressed and underlined. No Member of this House favors aid or comfort to Communist leaders or Communist government, national or international. But we would belie our greatness as a nation and our wisdom as a body if we were to force the President to say to those living under domination in Poland, "We leave you to your captors; we close the hand of friendship; we abandon hope for your survival; we abdicate our responsibilities as leaders and we repudiate our old alliance." No one who recalls that alliance could question that the Polish people will long tolerate their present incapacity. I had the honor to serve during World War II in an infantry division which had a unit of the Free Polish Legion on its flank. Our security was then at stake and I well remember the fire of their fierce courage and the valor with which they fought. I am sure that that fire and valor still lives in Poland and always will. It is our task now to animate and encourage it.

The language of the act is clear:

> No assistance shall be furnished under the act as amended (except section 214(b) to any Communist country).

This last section is subject to a waiver only for our own benefit to promote our vital security. Even here the language clearly specifies that the President must find and report to the Congress that the recipient is not controlled by the international Communist conspiracy and affirmatively that our assistance promotes the independence of the beneficiary from international communism.

I fail to see how this language could be any more stringent and binding with-

out handcuffing and hobbling the one who can do more to advance freedom and repel communism than any other in the world—the President of the United States. The President will be contending with communism around the world and around the clock long after we have adjourned and gone home. We have to give him the cards to deal and the chips to play or he cannot sit in the same game with Khrushchev who has no Congress to worry about.

There is no better informed, more ardent and able foe of communism anywhere than our distinguished colleague from Minnesota [Mr. JUDD]. I hold with him in his previous statement that under separation and delegation of powers in the Constitution the conduct of our foreign policy is the duty and responsibility of the President. And I agree with him that the conference report is clear and unequivocal enough to fulfill our commitment against Communist aid as a body and still leave the President elbowroom to lift the yoke of communism from its victims.

Finally, I am pleased that the conferees stood firm for the provision which requires the adoption of such regulations and procedures as are necessary to insure that foreign aid is not used in a manner which promotes or assists the foreign aid projects or activities of communist-bloc countries. This should end the practice of American-built roads to Soviet-sponsored stadiums where we get the bill and they get the glory.

Mr. MORGAN. Mr. Speaker, I yield such time as he may desire to the gentleman from California [Mr. ROUSSELOT].

(Mr. ROUSSELOT asked and was given permission to revise and extend his remarks.)

Mr. ROUSSELOT. Mr. Speaker, I rise in opposition to the conference report on S. 2996, the Foreign Assistance Act of 1962. I am not able to support the present foreign aid programs because I do not believe they are carried out in the best interests of the United States and/or the free world.

I oppose this bill for the following reasons:

First. As has been shown in testimony before the Foreign Affairs Committee and as has been pointed out here on the floor today, much of our foreign aid is used to advance socialistic governments and so-called neutralist governments who are not in sympathy with the general purposes of the free world nations. We cannot continue to give outright gifts and loans of money to countries which are working to destroy constitutional and parliamentary governments around the world. A good deal of this money goes for that purpose.

Second. There has been a great deal of talk in the House and in the Senate concerning discretionary power for the President to give aid to Communist countries. I am absolutely opposed to this concept. I do not believe we can buy the friendship of Communist countries or make them less Communist by giving them money. The argument that our foreign aid dollars will help the people in such Communist nations as Poland and Yugoslavia is absolutely false. This money is used only to promote the policies of ruthless Communist bosses. Furthermore, all the foreign aid money that we have poured into Yugoslavia and Poland has not made those countries any less dependent on the Communist motherland, Russia, or drawn them any closer to the free world, especially the United States.

It has been pointed out in the debate by the distinguished Congressman from Indiana [Mr. ADAIR] that the State Department and the Agency for International Development already anticipate giving some $10 million to Yugoslavia. Thus, the discretionary power that S. 2996 gives to the executive branch will probably be misused.

Third. America must soon learn the lesson that we cannot buy good will. While it is true that there are many ways that we can assist our friends, this cannot be accomplished by overinflating their economies with tremendous amounts of dollars. We know this from past experience. I believe the American taxpayers have a right to demand better use of the some $4.6 billion in this bill. I do not believe our foreign aid programs have been carefully and adequately planned, and I do not believe the objectives so well stated in this bill will be properly executed.

Fourth. Foreign giveaway programs are absolutely unnecessary. There are many international lending organizations which can make funds available to foreign countries and foreign industries; for example, International Bank for Reconstruction and Development, Inter-American Development Bank, International Finance Corporation.

At this point in today's proceedings I wish to bring to the attention of my colleagues some timely remarks relative to foreign aid and how it aids the Communist cause made by Gen. Bonner Fellers on the July 15, 1962, broadcast of the Manion Forum, a weekly radio program. He said:

The primary goal of the Communist plot for world domination is to collapse the capitalistic system. Since most of the free world economy is tied to the dollar, to wreck the economy of the United States has long been the Kremlin's primary target.

Should the Communists succeed in collapsing our economy they will have won their struggle without dropping a single bomb. Once their goal is achieved, all power will be centrally concentrated—far more so than now.

Price fixing of goods and services, Government-owned and operated industries, businesses and farms, will be the inevitable consequence. Before we are aware of what is happening we will find ourselves living under a dictator. This would be the end of freemen everywhere. Our very destiny, therefore, rests on the survival of a free economy.

During the past 4 years, representatives of the Citizens Foreign Aid Committee have made 51 appearances before the four congressional committees which act on foreign aid. From the start, our representatives have spelled out the consequences of excessive oversea spending, principally for foreign aid and military assistance.

Despite statesmanlike opposition of a minority in the Congress, that body continues to vote unwarranted appropriations in ever-increasing amounts. And this foreign handout habit leads to vast domestic boondoggling. Once a Congressman votes for foreign aid he finds it difficult not to vote for domestic welfare and various other unnecessary expenditures.

Those responsible for our foreign policy no doubt correctly assess the Communist menace, but they are obsessed with a delusion that we can spend our way out of the danger. The aid program already has cost American taxpayers more than $90 billion.

Based on the most recent assessed value of property, $90 billion in foreign aid is the equivalent of giving our 42 largest cities to foreign governments. Including interest on the money which we have borrowed to give away, the total aid handout is on the order of $110 billion. This is more than one-third of our national debt. Or, to relate foreign aid more closely to each of us, aid consumes the equivalent of 22 percent of our personal income tax payments.

Largely because of multibillion dollar gifts and equipment from Washington, foreign countries have been able to establish industries which undersell ours. Our industry pays high wages and taxes; industry abroad pays low wages and enjoys benefits from its government subsidies or favorable tax treatment. We have given most of the world our latest technology. Low tariffs or free trade permit dumping of low-cost products on our market. Depressed areas with widespread unemployment result.

The U.S. Government annual net oversea spending is in excess of $6 billion. By far the major portion of this amount is for foreign aid and the spending by and for our oversea forces. Our exports are insufficient to pay for our annual $16 billion worth of imports plus our $6 billion oversea spending.

At his March 8 press conference the President has frankly conceded the cause of our unfavorable balance of payments: "It is," he said, "the combination of the $3 billion that we spend keeping our defense forces overseas, and combined with assistance we give in other ways, which provides for our dollar drain."

This unfavorable balance in our international payments has enabled foreign central banks to amass nearly $23 billion in short-term credits. By Government edict, Americans are forbidden either to buy or to own gold. The defeated Germans and the war-shattered French manage better. Any German or Frenchman can buy, sell or hold gold, just as he chooses. We, supposedly the richest people in the world, are compelled to do business in irredeemable paper dollars. But dollars held by foreign central banks are redeemable in gold. And foreign holders of dollar credits have been busy buying our gold.

When foreign aid began, our gold reserve stood at $24.5 billion; today it stands at $16.4 billion. Of this $16.4 billion gold reserve, $11.5 billion must be retained by law to back up our currency. Consequently, less than $5 billion in free gold is available to meet potential foreign demands of nearly $23 billion.

Thus the threat to our dollar arises from this sinister, impending overhang of nearly $23 billion foreign-held demand claims on our gold, amassed principally from our foreign handouts. Were these foreign claims on our gold pressed, we could not meet the demand. And the free world economy, which rests on the dollar, would be wrecked.

Gold is precious because there isn't nearly enough to go around. Foreign governments eagerly seek gold to harden their currencies. This foreign hunger for our gold will cease only when our dollar is once more as good as gold. And our dollar cannot again be so considered unless and until we put our economy in order.

At the beginning of this broadcast I mentioned that the Kremlin's primary objective is to collapse our economy. Let us suppose

that after World War II, the Kremlin had been able to place its agents in our Government so as to plan our economy. These Reds could have done no better job of depleting our gold and undermining our economy than we ourselves have been doing.

Foreigners with dollar credits hold the American economy at their mercy. Like a Shylock, they watch our economy. At Vienna last year and in Rome this year, foreign economists warned Treasury Secretary Dillon that we must put our economy in order without delay.

Despite these warnings, our economy is worsening:

Foreign aid threatens our dollar, is an added tax to our producers, subsidizes foreign competition that is daily growing more formidable, and it is responsible for our unfavorable balance of payments.

Our 1962 gold loss already totals nearly half a billion dollars.

A balaxy of stratagems, employed in a vain effort to hide our unfavorable balance of payments, omits entirely the only sure cure—drastic cuts in foreign aid and military assistance.

We extend 50-year loans to foreigners at little or no rate of interest and borrow short-term at high interest rates.

Only six times in the last 31 years has our budget been balanced; fiscal 1962 and fiscal 1963 budgets will be deep in the red.

During the past year the debt limit has been raised three times by a total of $15 billion, and now stands at $308 billion.

The administration seeks legislation to eliminate the debt limit and to remove the legal requirement for a gold reserve.

This last item is a revealing one.

The shape of things to come in the President's spending program is reflected in his January 1962 Economic Report to the Congress. His letter of transmittal quotes from recommendations of the Commission on Money and Credit ("Money and Credit," pp. 113, 234; Prentice-Hall, Inc. 1961)—a nongovernmental organization:

"The Commission concludes that the following financial restrictions * * * unnecessarily complicate or obstruct other Government policies: the ceiling on the public debt * * * and the required gold reserve."

These conclusions, if followed, are a blueprint for unbridled spending with printing press money.

Meantime, European economists eagerly await the trend of our economy. If we return to a sound economy, profitable European dollar investments in the United States will preclude the drawing down of our gold. On the other hand, as our profligate spending continues and the dollar depreciates accordingly, the best bargain in the world will be an ounce of gold for 35 paper dollars. And this bargain the Europeans will not miss.

In view of our obvious economic vulnerability, one has the right to assume that remedial action would be an imperative. Even if the White House continues its unsound economic policies, the Congress should be expected to save the situation. But a majority of the Congress has so far failed to appreciate the seriousness of the situation.

A piece of sophistry which has guided some Congressmen is that foreign aid strengthens our economy and that some two-thirds of aid dollars are allocated to our industry, thereby creating jobs and wealth. However, if two-thirds of aid funds are spent in the United States, then one-third must be spent overseas and thereby increase foreign dollar holdings.

It is, of course, true that foreign aid contracts have brought profit to some favored U.S. industries. However, when any product of our industry is given away, it siphons off U.S. wealth. Money spent for goods and services to be given away creates consumer buying power but not consumer goods for Americans. By its very nature such aid is inflationary.

There are those who hold that if we do not bankroll the world the Russians will. Well, the answer to that one is, let the Russians do it. The Kremlin has never yet been able adequately to feed or clothe or house its people. The more the Soviets give away the more internal unrest they are certain to create.

Another phony argument in support of foreign aid is that the United States has a moral, economic, and political obligation to strengthen the free world with vast handouts.

This giveaway argument makes no mention of the primary obligation of the Congress to the American people. Taxpayers have a right to demand by what constitutional authority can the Congress rob Peter to pay Paul. With the immediate threat to our economy, with an enemy able to launch nuclear strikes against our heartland, should not the Congress primary objective be a sound economy and superior aerospace striking power?

Here, however, I want to make it clear that it is a well-known American trait to help others. Former President Hoover estimates that during and following World Wars I and II American food, clothes, and medical care saved the lives of 1,400 million war victims, mostly women and children. Of this all Americans are proud.

Possibly the emergence of the Philippine Republic is the most successful foreign aid achievement of all time. As an initial step toward independence the Philippines asked for American specialists—dieticians, doctors, sanitary engineers, schoolteachers, and missionaries. In less than half a century, the Philippines emerged as a Republic with a stable government responsive to the will of the people. The Filipino people asked for this assistance and they themselves paid for it.

The theory of our present foreign aid bears little resemblance to that followed in our aid to the Philippines. Today our aid is so lavish in dollars that it ignores the hardship factor. Among human beings seldom is there achievement without hardship. The same is true with the emerging countries. Give them much for nothing, and corruption, inflation, lack of purpose, and inadequate leadership result. Help peoples to earn that which they seek and achievement results.

Then there is the argument that we must continue aid so that in war we shall have allies fighting for us. Our Korean war experience exploded this assumption. In that war we contributed 450,000 troops and paid all the bills. All other U.N. forces contributed a total of 45,000 troops—a mere 10 percent of the American strength. If the next war comes, we must be prepared to defend ourselves alone.

The Presidency is surrounded by intellectual elite advisers. Foreign aid is the keystone of their program. On this they are unyielding. The elite dream contemplates a welfare state at home and lavish aid abroad. To effect this entails enormous expenditures which result in deficit spending. Through foreign aid, international socialism is already becoming a reality.

The clite will readily sacrifice U.S. sovereignty to a world order. Disarmament is part of the program. The cancellation of the RS-70—pleasing to Moscow—is the first major step in disarmament.

With the world order an international police force is to be established. This would relegate our forces to those necessary for internal security. We would be disarmed and helpless to protect any injustice imposed upon us by the world order.

The American people have never accepted the welfare state, or deficit spending, or foreign handouts, or the yielding of sovereignty, or disarmament or a world order.

Our Constitution put the power in the people. Under the Constitution government officials are the servants, not the masters, of the people. But unless we the people exercise the power the Constitution gives us, we shall soon cease to be freemen.

Make your will known to your Senators and Representative now. If they do not heed your voice, defeat them in the November election. This action is the one last hope of freemen.

Mr. MORGAN. Mr. Speaker, I yield such time as he may desire to the gentleman from New York [Mr. DEROUNIAN].

(Mr. DEROUNIAN asked and was given permission to revise and extend his remarks.)

Mr. DEROUNIAN. Mr. Speaker, the signing of the Laos Accord is a black day for the United States. It is one step in the erosion of our determination to fight international tyranny.

I think history will prove President Kennedy wrong when he said, yesterday:

> It is a heartening indication that difficult, and at times seemingly insoluble, international problems can in fact be solved by patient diplomacy.

This agreement, which need not be confirmed by the Senate, is the work of our "Rover Boy" Assistant Secretary of State, W. Averell Harriman, who has for some time, now, been pushing for this kind of abject surrender. The most disturbing part of the accord is that any member of the Commission can veto any action the United States may find it necessary to take. In view of the fact that the Commission consists of Poland, India, and Canada, vetoes are clearly indicated. No wonder Khrushchev described it as giving international recognition of the just cause fought for by the national patriotic forces, and that it represented a major victory for the policy of peaceful coexistence.

Are we to assume, now, that the Berlin problem is going to be settled in this same manner? Have we succumbed to the Communist program of neutralizing the world? What encouragement will this defeatist action of ours give to those in the world who look to America for leadership?

The sneaky method which led to the signing of this agreement, which can be described only as surrender via the back door, is an insult to every patriotic American. The fruition of the efforts of Mr. Rostow, who feels we should abandon the concept of nationhood, has hastened the time when the Communists will be able to take over South Vietnam.

With the signing of this accord, we have agreed to remove our troops and military advisors from Laos. Is this to be the pattern for Berlin?

Another item in today's New York Times, while not seemingly connected with yesterday's agreement, is nevertheless one more step in our progress toward coexistence with communism. According to the report, Dictator Tito stated that his "regime has gone too far in allowing writers freedom of expression." This is the tyrant to whom the

President will give American taxpayers money, as authorized by the Congress and at his request, under the foreign aid authorization bill. Thus the Kennedy administration puts its stamp of approval on aid to international communism which, while being financed by us, kicks in the teeth our anti-Communist friends in the Congo.

Because of the foregoing I must vote against the conference report on the Foreign Aid Authorization Act.

Mr. MORGAN. Mr. Speaker, I yield such time as he may desire to the gentleman from Ohio [Mr. DEVINE].

(Mr. DEVINE asked and was given permission to revise and extend his remarks.)

Mr. DEVINE. Mr. Speaker, the conference report on this foreign aid authorization is a far cry from the bill as adopted by the House. The chairman states the Senate conferees yielded to the House position on most of the items of contention, but it appears to me the major concessions made gave us a much weaker bill.

Although the gentleman from Minnesota [Mr. JUDD] claims the discretionary power granted to the President relative to granting aid to Communists and Communist-dominated countries is strengthened, I am sure we all agree this bill is much weaker than the original Senate version containing the so-called Lausche amendment, as modified.

Many people in my district just cannot tolerate or justify rendering financial, military, economic, technical or any other assistance to Red or Red-dominated countries. The legislation would get more support if this policy of aid to our enemies were prohibited. I, therefore, shall vote in opposition to adopting the conference report.

Mr. MORGAN. Mr. Speaker, I yield 4 minutes to the gentleman from Ohio [Mr. FEIGHAN].

(Mr. FEIGHAN asked and was given permission to revise and extend his remarks.)

Mr. FEIGHAN. Mr. Speaker, there are several questions pertaining to this conference report which I believe require clarification. I have asked for this time in order that I may propose questions to the chairman of the committee. My simple purpose is to seek clarity and clarification on the conference report. I do this because I believe that Congress has the duty to express its clear intent with respect to laws authorized by this body.

I do not seek to cause difficulties in the consideration of the conference report. I do not seek to further encumber the already complicated record of debate on the Foreign Assistance Act of 1962. I seek only to have a clear statement of congressional intent with respect to certain provisions of the law so that the administrators thereof will be guided as to the clear intent of the Congress.

My first question refers to section 618, subsection 3–F, which establishes special conditions in connection with extending aid to any Communist country. My specific question is, "Are the three conditions set forth to govern Presidential determination on such aid conjunctive, that is, must all three conditions as set forth be met for every Communist country before aid in any form can be extended to such Communist country?"

Mr. MORGAN. I am very glad to have the gentleman from Ohio raise these questions, and I will do my best to answer them. My answer to the gentleman's question would be "Yes."

Mr. FEIGHAN. I thank the chairman.

My second question may appear repetitious, but I assure my colleagues, I seek only to clear the record of doubts that may exist on this important question. Is it the intent of Congress that any Communist country declared by the President to be eligible for assistance under this subsection must be entirely free of any and all controls—economic, ideological, military, or diplomatic by the international Communist conspiracy?

Mr. MORGAN. Again, it is my belief that the answer is "Yes."

I should point out that the legislation refers to domination rather than control and that the test is whether a country is dominated or not. The fact that a country has officials who are Communists, or that it has collectivized its agriculture or has followed the Communist line in some respect would not necessarily indicate that it was Communist dominated.

Mr. FEIGHAN. I thank the gentleman.

Mr. Speaker, a significant change is made in the basic statutes governing the foreign assistance program under section 618, 3–F, in the conference report in that the term "Communist country" is specifically applied to a number of known Communist countries. This revision is known to the Members as the Casey amendment. I note that the requirements of Presidential determination apply to the countries enumerated, but are not limited to the countries so enumerated.

My question is, Is it the intent of Congress by so enumerating the Communist countries, that such countries shall be subject to automatic Presidential review under the three conditions set forth in the amendment, imposing upon the President of the United States an official requirement which hitherto the language of the law has not required?

Mr. MORGAN. My answer, of course, would be "No, only if and when the question of aid to that particular country should arise."

Mr. FEIGHAN. I thank the gentleman.

I have in mind the case of Red China which is now spelled out as one of the Communist countries to be excluded from receiving U.S. assistance unless the President makes an exception under the conditions set forth in the conference report. This is a question of extreme importance because some administrators of the law may feel authorized to force a Presidential determination on the question of assistance to Red China because Red China is not specifically set forth as one of the Communist countries that may receive assistance under the amendment if the President makes a favorable determination.

The point of my question is: What change, if any, does the Casey amendment make or anticipate with regard to the question of assistance to Red China?

Mr. MORGAN. It makes no change. The same situation applies to all of the Communist countries listed.

Mr. FEIGHAN. My final question is: Under section 618—3–H, the President is required to adopt regulations and establish procedures to insure that the U.S. foreign aid is not used in a manner which, "contrary to the best interests of the United States, promotes or assists the foreign-aid projects or activities of the Communist-bloc countries."

My question is whether the members of the Foreign Affairs Committee can conceive of any situation in which the use of U.S. foreign aid would promote or assist the foreign-aid projects or activities of the Communist-bloc countries, and which would not be contrary to the best interests of the United States?

In other words, do the members feel that it is possible to defend the security of the United States by lending our support and assistance to Communist economic warfare programs?

Mr. MORGAN. The House expressed itself very clearly in the adoption of the language appearing in section (h) on page 8 of the report:

> (h) The President shall adopt regulations and establish procedures to insure that U.S. foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign-aid projects or activities of the Communist-bloc countries.

I am sure that every member of the committee is opposed to aiding Communist governments to conduct economic warfare.

Mr. FEIGHAN. I thank the gentleman.

Mr. MORGAN. Mr. Speaker, I yield 4 minutes to the gentleman from Texas [Mr. CASEY].

Mr. CASEY. Mr. Speaker, they say a rose by any other name smells the same. The Casey amendment bears my name, but I do not care for the odor. The chairman, as you well recall, very adroitly modified it. I disagree with the gentleman from Minnesota that we have made it stronger. If you recall, last year the act stated that no assistance shall be furnished under this act to any country unless the President determines that such country is not dominated or controlled by the international Communist movement. The language of this amendment has been so modified, however, as to say that the President must find in addition to what I have stated, that it is not dominated by the Communist international movement, but that it must be vital to the security of the United States.

They have been determining that for 16 years. The conferees claim to have gotten together, that the House receded from those that the Senate did not like, and vice versa. They could have written this report last week, and we could

have stopped the debate, or all the time we spent in debate, because they got exactly what they wanted. They talk about a free conference. Well, they got it. They have a blank check. As to the report to Congress on the three items in the so-called Casey amendment, we might have gotten that yesterday in the President's press conference when one of the reporters asked: "What is the difference between cutting off aid to Peru when you are still giving aid to Yugoslavia?" If you saw that conference, the answer was that we did not like the fact that Peru is not following democratic ideals. Yet we say it is in the best interest of the Nation to give aid to Yugoslavia.

The conferees put in here another little matter. I am not astute enough to know whether it was in either bill. I do not recall its being in our bill. But you still can give aid under section 214 to a member of the international Communist conspiracy. That is what the conferees say.

I would like to ask thc gentleman, Was it in the Senate bill?

Mr. MORGAN. No, this provision making specific reference to section 214(b) was not in the Senate bill.

Mr. CASEY. It was not in the House bill?

Mr. MORGAN. That is correct.

Mr. CASEY. How can you put it in this conference report if it was not in either bill?

Mr. ZABLOCKI. The Senate during the debate on this bill, madc clear its intent that the prohibition should not apply to the use of Public Law 480 funds for projects of health under section 214.

Mr. CASEY. Public Law 480 has nothing to do with it.

Mr. ZABLOCKI. It gives the President the authority to use funds accrued from sales under Public Law 480 for health and other projects abroad.

Mr. CASEY. Section 214 deals with educational institutions, hospitals, and so forth. At least that is my recollection.

Mr. ZABLOCKI. That is true. Section 214(b) authorizes the President to use foreign currency accruing to the U.S. Government for the purpose of building schools and hospitals.

Mr. CASEY. It was not in either bill?

Mr. ZABLOCKI. The Senate intent to establish this interpretation was made clear during the debate on the Mansfield-Dirksen amendment. The use of Public Law 480 funds was clearly covered by the Lausche amendment and by the Mansfield-Dirksen amendments which were included in the Senate bill.

Mr. CASEY. I would like to ask the gentleman to find it for me. I am not as well versed as he is, and I would appreciate his help.

Needless to say, I am against the conference report.

Mr. MORGAN. Mr. Speaker, I yield 3 minutes to the gentleman from Indiana [Mr. ADAIR].

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Speaker, I am certain that the conferees did the best they could to bring an acceptable conference report to us. I am equally certain that what they have brought here today is an unacceptable conference report.

In the time I have I will try to point out some of the reasons why this report should not be adopted today.

In the first place, let me express appreciation for the fact that the so-called expropriation amendment was left in the report with a minimum of change.

There are one or two points about the provisions for suspending aid in cases of expropriation and other mistreatment of U.S. investment I would like to clarify. While we have all worked for a provision that would have certain flexibility, I would not want the plain language of the provision ignored or misinterpreted by the foreign nations to which it might apply. The provision calls on these nations to take steps to discharge their obligations to U.S. investors. I can conceive that a good faith willingness to negotiate or to take other preliminary steps to settle a dispute could for a time meet the requirements of the provision. But these negotiations must not be indefinitely prolonged. The provision calls for compensation in accordance with certain standards, not endless talk. And if the negotiations must be with a governmental authority that has admittedly no means to compensate as is true in one case in Latin America or with a government whose proposals show no intent to compensate as is true of Cuba, even a willingness to negotiate would not, in my opinion, meet the requirements of the statute. I suggest that the provision means what it says: the obligation is to compensate and such obligation cannot be long deferred without risking the suspension of aid. One further point: In the conference committee provision arbitration is included as one way of settling a compensation dispute. Of course, this requires fair and expeditious arbitration and not that which is dilatory or capricious. Rules and procedures comparable to those of the American Arbitration Association or the rules proposed by the International Law Commission suggest what is required.

Mr. HAYS. Mr. Speaker, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Ohio.

Mr. HAYS. I would say to the gentleman, as he knows I supported his amendment and I supported it in the House. I think it is fair to say that we would expect any negotiations to be reasonable and not dilatory, and I think it is pretty obvious when people are negotiating in good faith and when they are just stalling. We would expect these negotiations to be made in good faith and, I might say further that we put in the phase "under international law" to pin down the very thing the gentleman is talking about now.

Mr. ADAIR. I thank the gentleman.

There are two or three other points that I think ought to be in the minds of the Members of this House as we vote on this conference report. Mention has been made of the fact that on certain points the House receded and on others the Senate receded, but let me point out to you that on the crucial, on the critical points, always, it seems to me, there was a receding which would make the bill weaker.

For example, on the matter of aid to Communist countries, which has been the subject of some discussion here today, the confcrees chose the weaker of the two alternatives they had before them. In other words, here were two choices. The confcrees chose the weaker one. If you vote for this conference report, therefore, you are to that extent voting for the weaker provision with respect to aid to Communist countries.

Furthermore, with respect to the amount of money involved, the figure $690 million in the Senate bill was mentioned here. It ought to be restated and reclarified that in the bill for this fiscal year the Senate bill had only $90 million more than the House bill. The conference report contains money in an amount greater than the House originally voted by $3.5 million. And, more important than that is the fact that we have increased the contingency fund from the $275 million voted in the House to $300 million. This is money which can be spent almost any way the President desires.

It can be spent for aid to the United Nations, it can be spent within the limitation of existing law for aid to Communist nations, it can be spent almost without limitation.

Mr. HAYS. Mr. Speaker, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Ohio.

Mr. HAYS. Taking this year's figure which the gentleman is talking about, does not the gentleman think when you go into a conference you have got to have an area of agreement somewhere? We went up $3.5 million and they came down $90 million. I do not think you could get a much better deal than that. Does not the gentleman think likewise?

Mr. ADAIR. I would say with respect to the figures themselves the conferees did very well. I am objecting particularly to the fact that $25 million was added to the contingency fund.

Mr. HAYS. If the gentleman will yield further, I understand the gentleman's objection, but taking the overall figure of $600 million which the House cut out for the 3-year appropriation or authorization for the Alliance for Progress program, we actually took $690 million out of the Senate version. In order to get that much out wc had to give something. So we gave an additional $3.5 million plus an additional $25 million, which was a transfer around into another fund. I submit to the gentleman from Indiana that any time you can trade $3.5 million actually for $690 million you have made a pretty good deal.

Mr. ADAIR. But, as the gentleman has implied, $600 million of that was for subsequent years.

Mr. Speaker, there are two other points in which the conference report now pending before us is a very great deal weaker than the bill which we sent to conference. One is upon the matter of aid to India. The Senate had a ceiling upon such aid. We did not. So our

conferees agreed to accept the weaker, that is, the House version of this provision.

Mr. ZABLOCKI. Mr. Speaker, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. The fact is that the House conferees had to support the House version.

Mr. JUDD. The Senate accepted our version.

Mr. ADAIR. Yes; which was the weaker of the two versions. That is the point I am making. What I am trying to say to the House is that on these crucial points it seems that the conferees always accepted the weaker.

Mr. Speaker, finally, upon the so-called Gross amendment the conferees again accepted the weaker alternative. They accepted the approach of the Senate bill which did not have such a provision in it. In other words, the conferees on this point did not take the position of the House which would have greatly strengthened the bill.

Mr. Speaker, I think it ought to be kept in mind that if we vote for this conference report, we are voting, upon most of these crucial points, for a report which is vastly weaker than the bill which we sent to conference.

Mr. LAIRD. Mr. Speaker, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Wisconsin.

Mr. LAIRD. Earlier in the discussion on this conference report we heard some criticism of the press in the coverage of the House version of this bill. I do not happen to share this criticism that was made of the press, because I do believe that the House action on the Casey amendment, as amended by the Morgan amendment, was a victory for the executive branch of our Government and not a victory for the Congress.

Mr. ADAIR. As I pointed out, the conferees accepted the weaker of the two alternatives which they had before them.

Mr. LAIRD. If the gentleman will yield further, at the time we were considering this amendment there was the strong language of the Senate-passed bill prohibiting aid to Yugoslavia. In the House action we freed the hands of the President to continue to give aid to this Communist-dominated country. The press fairly reported this House action.

Mr. Speaker, I do not believe that the criticism made of the press earlier today was justified.

IS LAOS AGREEMENT ANOTHER YALTA?

Mr. Speaker, this morning I sent the following letter to Secretary Rusk. As a member of the Defense Appropriations Subcommittee I am deeply troubled over the present Lao situation and believe the American people share my concern. The letter follows:

JULY 24, 1962.

HON. DEAN RUSK,
Secretary of State,
Washington, D.C.

MY DEAR MR. SECRETARY: It is, of course, no secret that grave doubts and deep concern are being expressed in many quarters over the present Loa situation. I too, as a member of the Defense Appropriations Subcommittee, am deeply troubled. I have been for many, many months.

On the basis of information recently made public concerning this declaration and protocol on neutrality in Laos, the only possible conclusion one could draw is that Laos is being surrendered to the Communists, as Poland was at Yalta 17 years ago.

The oft-expressed fear, now apparently a fact, that Communist forces are being released in Laos to carry on the fight in South Vietnam in which 8,000 American troops are now deeply involved should be sufficient to shake administration complacency. Obviously, it is not.

I strongly believe that the net effect of this agreement on Laos will be the intensification of war in southeast Asia and a weakening of the confidence of free Asians in the value of close cooperation with the United States.

The provisions of article 14 of the declaration and protocol appear to confer a veto power on Communist Poland over the policies of the United States and all other signatory powers in relation to Laos. This, I regard as a nullification of the promises of the agreement.

I gravely disapprove of the procedure, presently being followed, which fails to submit the declaration and protocol to the U.S. Senate for ratification as a treaty.

The Congress and the country deserve a full and frank report from you on future American policy toward Laos. You will recall that President Kennedy, on March 23, 1961, told the American people, "If the Communists were to move in and dominate this country, it would endanger the security of all, and the peace of all, southeast Asia * * * that quite obviously affects the security of the United States."

I would be interested in receiving from you a plausible explanation of what makes today any different from March 23, 1961.

Other specific questions to which I would respectfully request detailed replies would include the following:

1. On what tangible facts do you base the expectation, expressed in the declaration and protocol, that this agreement will "assist peaceful democratic development of the Kingdom of Laos" and "the strengthening of peace and security in southeast Asia"?

2. What provisions, contained in the declaration, prevent complete domination of Laos by the Communists?

3. Does the treaty specially prohibit Communist troops presently in Laos from moving into South Vietnam?

4. How would the United States regard a veto by Poland. Would it be looked upon as a barrier to action by the non-Communist signatories of the declaration? Would it be a barrier to action in the event of a Communist takeover in Laos? Would it prevent action if the practice of dispatching Communist troops through Laos to Vietnam were continued?

5. What action would the Government of the United States take in the event of a violation of the treaty and in the face of a Polish veto on action?

It is my profound hope that you will draft an early reply to this letter, a reply that I and the American people can only hope will allay our fears about the present direction of administration policy in southeast Asia.

Sincerely yours,

MELVIN R. LAIRD.

Mr. MORGAN. Mr. Speaker, I yield 2 minutes to the gentleman from Maryland [Mr. JOHNSON].

(Mr. JOHNSON of Maryland asked and was given permission to revise and extend his remarks.)

Mr. JOHNSON of Maryland. Mr. Speaker, I rise in support of this conference report. I want to commend the conferees for their efforts in working out an acceptable foreign assistance authorization bill.

Our conferees were confronted with the U.N. bond issue provision which had already been passed by the Senate. It appears to me the Senate refused to accept the House point of view and that our conferees acted judiciously in reaching an agreement in regard to this part of the bill.

I also feel our conferees garnered quite a victory, as the conference report contained $690 million less than what the Senate had voted. The cuts included $600 million in future authorization for the Alliance for Progress aid to Latin America. It is also important to note the final restriction on aid to Poland and Yugoslavia is much stronger than the present law.

In the measure before us we have $1.5 billion for military assistance, $1.9 billion for economic aid, and $600 million for our aid program in Latin America. I would like to point out to the Members that our economic aid program is less than the amount the Soviets are spending for propaganda. It is my understanding that the U.S.S.R. spent more than $2 billion last year in propagandizing their program and their ideology. I would be happy, indeed, if we could do more in this area ourselves. Personally, I feel we should explode the Soviet myth that their people are living under ideal conditions. I feel the American public should know, and particularly the countries we term as underdeveloped countries, that living in Soviet Russia is not good.

We are constantly fed a diet about unity and ideal conditions in the U.S.S.R. This is an illusion. Their agricultural system is inadequate to meet the needs of the people. Dissension prevails in their way of life. We do not hear of work stoppage in the Soviet Union. We are not appraised of the fact that there is a great shortage of consumer goods. Their people, in many instances, stand in the queue complaining and demanding food and other items which make our standard of living the best in the world. I say all this talk of unity and harmony in Russia is a myth.

I believe we now have the Soviet Union on the defensive in the cold war.

Mr. Speaker, I know we did not obtain all the things we wanted in the conference report. But I do wish to praise the conferees for a job well done and that the conference report be adopted.

Mr. MORGAN. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. HAYS].

Mr. HAYS. Mr. Speaker, I think anybody who voted for the authorization bill as it passed the House may very well feel perfectly satisfied in voting for the conference report. I realize that there are differences of opinion on the bill itself, and I respect them. My good friend from Indiana [Mr. ADAIR], who serves with

me on my subcommittee, spoke of his opposition to the bill and to the conference report and I respect his views. But I want you to know that the chairman of the committee, Dr. MORGAN, stood fast for the House position on every occasion. But in a conference, in order to get something you have to give something. That is why we have conferences. And I can safely say to you, having sat through those negotiations from 10 o'clock in the morning, with time out for lunch, until 7:30 in the evening, that the House stood firm and that the House got about 75 percent of the House bill.

You talk about the money factor. The fact remains that the Senate bill authorized $690 million more than we finally came back with. We came back with a bill $3.5 million above what we went out of here with, and they went back to the Senate with $680,500,000 less than they left the Senate with. I submit that that is a pretty fair trade.

As far as the Gross amendment is concerned, it is no secret that I voted for it. But we might have been over there yet, because the Senate was not going to accept it. We had to give ground on some amendments in order to get ground on some of the others.

As far as this report being weaker on communism, as far as the matter of a weaker version of aid to Communist countries is concerned, I do not buy that at all. I say that the present law has been tightened and restricted a great deal. The three findings that the President must make are very restrictive, indeed. And as the chairman said in an answer to a question by the gentleman from Ohio [Mr. FEIGHAN], he must make all of those findings in any case where aid is given to a Communist-dominated country.

Mr. Speaker, I hope the House will support the conference report. I think it is a good one.

Mr. MORGAN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Mr. ADAIR. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 221, nays 162, not voting 52, as follows:

[Roll No. 173]

YEAS—221

Addabbo	Buckley	Dooley
Albert	Burke, Ky.	Downing
Anfuso	Burke, Mass.	Doyle
Arends	Byrne, Pa.	Dulski
Ashley	Byrnes, Wis.	Dwyer
Aspinall	Cahill	Edmondson
Auchincloss	Carey	Elliott
Avery	Chelf	Ellsworth
Ayres	Chiperfield	Everett
Bailey	Clark	Evins
Baldwin	Cohelan	Fallon
Barrett	Conte	Farbstein
Barry	Cook	Fascell
Bass, Tenn.	Cooley	Feighan
Bates	Corbett	Finnegan
Beckworth	Corman	Fino
Bennett, Fla.	Curtin	Flood
Boland	Daddario	Fogarty
Bolling	Daniels	Ford
Boykin	Dawson	Frelinghuysen
Brademas	Delaney	Friedel
Breeding	Dent	Fulton
Brewster	Denton	Garmatz
Brooks, Tex.	Dingell	Gary
Broomfield	Donohue	Giaimo
Gilbert	Macdonald	Rhodes, Pa.
Glenn	MacGregor	Riehlman
Gonzalez	Madden	Rivers, Alaska
Granahan	Magnuson	Roberts, Ala.
Gray	Mahon	Robison
Green, Oreg.	Mailliard	Rodino
Green, Pa.	Marshall	Rooney
Griffin	Martin, Mass.	Roosevelt
Griffiths	Mathias	Rosenthal
Hagen, Calif.	Matthews	Rostenkowski
Halleck	Meader	Ryan, Mich.
Halpern	Miller, Clem	Ryan, N.Y.
Hansen	Miller, George P.	Santangelo
Harding	Miller, N.Y.	Schweiker
Hardy	Milliken	Schwengel
Hays	Mills	Seely-Brown
Healey	Monagan	Selden
Hechler	Montoya	Shelley
Holifield	Moorhead, Pa.	Sheppard
Holland	Morgan	Sisk
Huddleston	Morrison	Slack
Inouye	Morse	Smith, Iowa
Joelson	Mosher	Spence
Johnson, Calif.	Moss	Springer
Johnson, Md.	Multer	Stafford
Johnson, Wis.	Murphy	Staggers
Jones, Ala.	Natcher	Stubblefield
Jones, Mo.	Nelsen	Sullivan
Judd	Nix	Thompson, N.J.
Karsten	O'Brien, Ill.	Thompson, Tex.
Karth	O'Brien, N.Y.	Thornberry
Kastenmeier	O'Hara, Ill.	Toll
Kearns	O'Hara, Mich.	Trimble
Kee	Olsen	Tupper
Keith	O'Neill	Udall, Morris K.
Kelly	Osmers	Ullman
Keogh	Ostertag	Vanik
King, Calif.	Patman	Van Zandt
Kirwan	Perkins	Vinson
Kluczynski	Philbin	Wallhauser
Kowalski	Pike	Walter
Kunkel	Pirnie	Watts
Lane	Price	Weis
Lankford	Pucinski	Westland
Lesinski	Quie	Whalley
Libonati	Rains	Widnall
Lindsay	Randall	Wright
McDowell	Reuss	Zablocki
McFall		Zelenko

NAYS—162

Abbitt	Fountain	Norrell
Abernethy	Garland	Nygaard
Adair	Gathings	O'Konski
Alger	Gavin	Passman
Andersen, Minn.	Goodell	Pelly
	Goodling	Pfost
Anderson, Ill.	Grant	Pillion
Andrews	Gross	Poage
Ashbrook	Hagan, Ga.	Poff
Ashmore	Haley	Ray
Baker	Hall	Reece
Baring	Harris	Reifel
Battin	Harrison, Wyo.	Rhodes, Ariz.
Becker	Harsha	Riley
Beermann	Harvey, Ind.	Rivers, S.C.
Belcher	Harvey, Mich.	Roberts, Tex.
Bell	Hemphill	Rogers, Fla.
Bennett, Mich.	Henderson	Roudebush
Berry	Herlong	Roush
Betts	Hiestand	Rousselot
Bonner	Hoeven	Rutherford
Bow	Hoffman, Ill.	St. George
Bray	Horan	Saylor
Bromwell	Hosmer	Schadeberg
Brown	Hull	Schenck
Broyhill	Jarman	Schneebeli
Bruce	Jennings	Scott
Burleson	Jensen	Shipley
Cannon	Johansen	Short
Casey	Jonas	Shriver
Cederberg	Kilgore	Sikes
Chamberlain	King, N.Y.	Siler
Chenoweth	Kitchin	Smith, Calif.
Church	Knox	Smith, Va.
Clancy	Kornegay	Steed
Collier	Kyl	Stephens
Colmer	Laird	Taylor
Cunningham	Landrum	Teague, Tex.
Curtis, Mo.	Langen	Thomas
Dague	Latta	Thomson, Wis.
Davis, James C.	Lennon	Tollefson
	McCulloch	Tuck
Davis, John W.	McDonough	Utt
Derounian	McIntire	Van Pelt
Derwinski	McMillan	Waggonner
Devine	Mack	Weaver
Dole	Martin, Nebr.	Wharton
Dorn	Mason	Whitener
Dowdy	May	Whitten
Durno	Michel	Wickersham
Fenton	Minshall	Williams
Findley	Moeller	Wilson, Ind.
Fisher	Moore	Young
Flynt	Morris	Younger
Forrester	Murray	

NOT VOTING—52

Alexander	Hébert	Purcell
Alford	Hoffman, Mich.	Rogers, Colo.
Bass, N.H.	Ichord, Mo.	Rogers, Tex.
Blatnik	Kilburn	St. Germain
Blitch	King, Utah	Saund
Boggs	Lipscomb	Scherer
Bolton	Loser	Scranton
Celler	McSween	Sibal
Coad	McVey	Smith, Miss.
Cramer	Merrow	Stratton
Curtis, Mass.	Moorehead, Ohio	Taber
Davis, Tenn.		Teague, Calif.
Diggs	Moulder	Thompson, La.
Dominick	Nedzi	Willis
Frazier	Norblad	Wilson, Calif.
Gallagher	Peterson	Winstead
Gubser	Pilcher	Yates
Harrison, Va.	Powell	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Rogers of Texas against.

Mr. Davis of Tennessee for, with Mr. Willis against.

Mr. Frazier for, with Mr. McSween against.

Mr. Nedzi for, with Mr. Alford against.

Mrs. Bolton for, with Mr. Alexander against.

Mr. Kilburn for, with Mr. McVey against.

Mr. Bass of New Hampshire for, with Mr. Lipscomb against.

Mr. Scranton for, with Mr. Teague of California against.

Mr. Merrow for, with Mr. Cramer against.

Mr. Curtis of Massachusetts for, with Mr. Wilson of California against.

Mr. Powell for, with Mr. Taber against.

Mr. Diggs for, with Mr. Hoffman of Michigan against.

Mr. Gallagher for, with Mr. Gubser against.

Mr. Blatnik for, with Mr. Thompson of Louisiana against.

Mr. Boggs for, with Mr. Harrison of Virginia against.

Mr. Stratton for, with Mr. Moulder against.

Mr. Peterson for, with Mr. Winstead against.

Mr. Rogers of Colorado for, with Mrs. Blitch against.

Mr. Sibal for, with Mr. Pilcher against.

Until further notice:

Mr. St. Germain with Mr. Dominick.

Mr. Loser with Mr. Norblad.

Mr. King of Utah with Mr. Scherer.

Mr. Yates with Mr. Moorehead of Ohio.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed a resolution, as follows:

S. RES. 364

Resolved, That the Senate has heard with profound sorrow and deep regret the announcement of the death of the Honorable HENRY C. DWORSHAK, late a Senator from the State of Idaho;

Resolved, That a committee of Senators be appointed by the Vice President to attend the funeral of the deceased;

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit an enrolled copy thereof to the family of the deceased;

Resolved, That as a further mark of respect to the memory of the deceased, the Senate do now adjourn.

of Friendship International Airport knows full well that it is more than adequately serving the passenger and cargo requirements for jetplane transportation of those in the Greater Washington-Baltimore area and it is easily accessible. Not only that, but Friendship International Airport has all the space and facilities needed for future growth. Quite often when New York's International Airport and air terminals are closed because of fog or other adverse weather conditions, flights have been diverted to Friendship with excellent results, which prove conclusively that Friendship is more than capable of handling Washington and Baltimore's future air terminal needs.

I have also repeatedly raised my voice in protest against the Federal Aviation Agency operating the Washington National Airport and the Dulles International Airport in competition with other air terminals. When a Government agency acts as owner, operator, and regulator it is obvious that a conflict of interest is involved.

The Subcommittee on Transportation and Aeronautics, of which I have the honor of being a member, has held hearings regarding H.R. 10471, a bill to transfer administrative responsibility for the operation of Washington National and Dulles International Airports from the Federal Aviation Agency to a separate airport board. At those hearings I expressed my views in favor of such a needed measure in the public interest.

Mr. Speaker, all of us have heard very much about conflict of interest lately. Proposals have been made to tighten the rules and regulations respecting this matter and Executive orders were issued which have been implemented by governmental agencies to raise ethical standards.

It is elementary that no man can properly serve two masters. Yet, here in the Federal Government this exact situation prevails respecting the Federal Aviation Agency. The Business Commercial Aviation, a trade magazine, directs attention to this situation which it correctly deplores. For a regulatory agency to operate a facility which it controls, when such facility is in direct competition with others, is the worst kind of conflict of interest.

Does this square with the Government's new conflict-of-interest policy and with its attempt to elevate ethical standards? To ask the question is to answer it. It states what I have long opposed.

In an excellent editorial in the Baltimore Sun, of July 22, 1962, the point is made that the administrative functions of the Federal Aviation Agency should be separated from its policing functions as soon as possible. I earnestly recommend that my colleagues in the Congress give heed to this advice and I hope our committee will approve H.R. 10471 to create a separate airport board to operate Washington National and Dulles International Airports. If this is not done, the public need will not be the ruling factor in deciding what service will be available from which airport. The decisions will continue to be based on getting more business into a Government facility—and not on what is best for the air traveler.

The articles from the Commercial Business Aviation and the Baltimore Sun are as follows:

[From the Baltimore Sun]

AIRPORT ODDS

Baltimoreans are not the only people to feel that the odds are stacked against our airport. As things are, the Federal Aviation Agency has two jobs. It is required to regulate the safety and efficiency of the airways, and so the safety and efficiency of Friendship Airport. It is also required to run commercial airports, National and Dulles, which are in direct competition with the airports it regulates, and with Friendship especially. This situation, long deplored by everyone who is concerned with Baltimore's airport, has once again been deplored, this time by Business Commercial Aviation, a trade magazine.

The publication compares the situation with that which would prevail if the Federal Communications Commission ran a television station or the Coast Guard a pleasure boat marina. Either would be unthinkable but by a historical accident an exactly parallel case actually exists in the aviation world. No doubt the officials of the FAA try to be as impartial as possible and separate the two functions as widely as they can. But they are bound to meet at the top, and in fact some recent remarks of the Agency's head, Najeeb Halaby, were generally interpreted as a threat to airlines which declined to move from Friendship and take up space at Dulles. Mr. Halaby disclaimed this interpretation, but the suspicion remains, and can only be removed by separating the administrative functions of the Agency from its policing functions as soon as possible.

[From Business Commercial Aviation, July 1962]

DULLES SHOWS FAA'S SPLIT PERSONALITY

The battle over airline service being waged between Baltimore's Friendship Airport and Washington's Dulles International has serious implications for all of us. Not that it matters to any but residents of the area which airport wins. But we're confronted here with a very basic issue.

Should a Government agency—or any agency—be responsible for the overall policy guidance of an entire industry, and at the same time operate an element of that industry? Should the FCC run a TV or radio station? Or the Coast Guard, a pleasure boat marina? Is it right for the FAA to operate two airports, just because they happen to serve the Nation's Capital?

The FAA is the agent of Congress, to develop our national airport system, with funds voted for Federal airport aid. How then can FAA keep its purely local interests—as landlord of Dulles, for example—from influencing its national interests, which affect all of us.

We don't think FAA can avoid this influence, no matter how sincere its intentions, or how great its efforts. The efficiency and impartiality of the FAA must ultimately be eroded by such a split personality. An airport operated by the FAA has a privileged status. Whenever that airport is in trouble, its managers are bound to use their privileged position, and all the resources of the Agency. To expect otherwise is wishful thinking.

Speaking bluntly, no agency—not even the FAA—can be expected to be impartial where its own airport is concerned. For the FAA, both the temptations and the pressures are bound to be greater. As landlord, the Agency has all the power over airlines that any other airport landlord does. But the FAA also monitors the airline operations and punishes the carriers for safety infractions. And, there's the CAB—also in the same Government—with power over which airport the carrier should use to serve a given community. FAA is subject to pressures ordinary airport operators don't face. The fact that the Washington area airport issue involves the congressional delegations of the affected States makes FAA's position unusually delicate.

It's high time this absurd situation was corrected. Let's free FAA from the operation of airports: let the Agency spend the time and energy on the problems of all airports. FAA's concern must be for the national system of airports. The Agency has no business—and we cannot afford the diversion of FAA energies—in the operation of a local aviation enterprise.

Logic would suggest a bistate airport authority combining the three airports: Friendship, Dulles, and National. If that's impractical, then a separate Government corporation or agency could be set up to run these airports. If FAA experts are essential to this corporation's success, transfer them. But by all means cut this agency clean away from FAA.

The only way to make such changes is to amend the Federal Aviation Act. So, it looks like the next move is up to the Congress.

Well, gentlemen, when do we start?

W. G. OSMUN.

ECONOMIC AID TO YUGOSLAVIA

(Mr. WALTER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. WALTER. Mr. Speaker, the wide repercussions in the public press, in this country and abroad, caused by the debate which occurred on the floor of the House in connection with the amendment to the bill under which the President was given the authority to extend economic aid to certain Communist countries, under specified conditions, prompts me, too.

Under unanimous consent, I include at this point in the RECORD the text of a letter I sent to an apparently well-meaning Yugoslav refugee now in this country. My letter reads as follows:

JULY 24, 1962.

DR. MARKO ZUZIC,
Washington, D.C.

DEAR DR. ZUZIC: I appreciate having your views on the problem of economic aid to Yugoslavia and I note that you have written the President of the United States in a similar vein.

The question you propound, sincerely, I assume, is: "Can a Communist dictatorship, and if so under what conditions, evolve in a peaceful way toward a parliamentary democracy?" (if economic aid is given the people who are forced to live under that dictatorship). That question must, in my opinion, be answered in emphatic negative. No serious student of the basic tenets of totalitarian rule generally, and Communist dictatorships, specifically, would agree that outside economic aid to the subjects of such regimes could in itself cause the overthrow of a dictatorship or its evolution into a government "of the people, by the people, for the people."

Communist regimes are established by a forcible takeover from within, or by outside intervention, as is the case in all of the countries contiguous to the Soviet Union. Those regimes maintain themsieves in power by the application of sheer force and by continuous exercise of terror designed to suppress any expression of the people's will. There is no instance of Communist dictator-

ship being voluntarily established or accepted by the people. No Communist regime was ever established through free elections and as long as all of them derive their power from one or the other of the Communist centers of control—Moscow or Peiping—events other than contribution to the economic welfare of the enslaved peoples must occur before a Communist dictatorship is overthrown.

In my interventions in the debate held on the floor of the House in connection with aid to Yugoslavia, I have made it abundantly clear that, in addition to humanitarian reasons, the principal long-range political considerations for our economic assistance to the people of Yugoslavia is to make them feel that they have not been written off by the free world, and to maintain their courage and their sentiment of solidarity with the free peoples. That, in effect, was the gist of my speeches.

To go further than that and to assume that our economic aid would do what you imply in your question, would be an error based on a wrong evaluation of the true character and the source of power of Communist dictatorships. Mere rise of economic levels will not cause the evolution of Communist regimes into democracies (Lenin is my authority for that statement). To believe so would be just as fallacious as is the opposite theory of some of our "softheads" who maintain that low standards of living "drive people to communism."

Sincerely yours,

FRANCIS E. WALTER,
Member of Congress.

FOREIGN AID AND DEMOCRATIC IDEALS

(Mr. KITCHIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KITCHIN. My Speaker, in reading the debate recorded in the CONGRESSIONAL RECORD of July 20 pertaining to the conference report on the Foreign Assistance Act of 1962, I noted a highly significant comment made by the esteemed majority leader of the Senate, Senator MANSFIELD, with reference to the current situation in Peru, which I quote in part:

> The President of the United States in stopping aid to Peru in the wake of the military takeover of that country, has in effect served notice that mere lip service to democratic ideals will not suffice to maintain U.S. aid and support. There is too much at stake for the entire hemisphere for this type of subversion to be ignored.

I wholeheartedly agree with the President's action in stopping aid to Peru and certainly am in complete accord with the statement of Senator MANSFIELD.

The continuance of any aid and assistance to Yugoslavia and the discontinuance of aid to Peru create a paradox. Who could for one moment hold the view that Communist Yugoslavia has ever rendered even lip service to democratic ideals?

There has been much debate—supported by sound factual data—in this body as well as in the Senate, advocating complete discontinuance of any aid to any Communist country, including the totalitarian Communist Government of Yugoslavia. Some have contended—without sufficient supporting facts, in my opinion—that Yugoslavia is not a part of the international Communist conspiracy and is not under the domination of Moscow. Personally I have no doubt as to Yugoslavia's loyalty to the Communist cause—a world dominated by international communism.

The Casey amendment to the Foreign Assistance Act of 1962 would have precluded extending aid to any Communist country. This amendment was modified by the Morgan amendment which puts the onus on the President in extending aid in any form to Yugoslavia and other Communist countries. This, of course, was contrary to the original wishes of the Senate expressed in an amendment to extend no aid to Communist countries and later changed to extend no aid except agricultural products.

The Morgan amendment to the Casey amendment, adopted by the House and later by the Senate, expressly provides:

> Unless the President finds and promptly reports to Congress that (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international communism.

It is crystal clear to me that the Morgan amendment has already been implemented and there is an established pattern for a continuation of the policy of aid and assistance to Yugoslavia—the cloth has already been cut.

A State Department official, in response to an inquiry regarding the activity of the Yugoslav Military Purchasing Mission Office in this country, stated in part:

> We feel, however, that it is in our best interests to permit the Yugoslavs to purchase vital machine parts and spare parts for military equipment in this country.
>
> Our policy to Yugoslavia is a part of our overall policy to weaken the Soviet bloc. On the basis of all of the information available to this Government, three successive administrations have found that Yugoslavia, although governed by a Communist regime, is an independent country which does not participate in the international Communist movement controlled by the Soviet Union. It is our aim to assist the Yugoslavs to maintain this independent position by making possible a broad range of trade and contacts with the West as an alternative to reliance on the Soviet bloc. In this connection we permit them to purchase machinery and spare parts for military equipment which they have purchased from us or received under aid programs prior to 1957. If we were to deny them all machinery and spare parts, they might have no alternative but to rely on the Soviet bloc and to reequip their armed forces with Soviet arms. This would, in our view, seriously endanger their independent position.
>
> We do not, of course, permit military purchases by any other Communist state. Moreover, we would not continue to permit Yugoslavia to make such purchases if we obtained any evidence that these goods were being transshipped to other Communist countries, or if the President determined that Yugoslavia was no longer independent of the international Communist movement.

The continuation of our favored-nation treatment of Yugoslavia is graphically illustrated by the validation of licenses during the recent period June 1, 1962, through July 19, 1962, by the Department of Commerce for the export of electronic equipment, copper tubing, coaxial cable, construction machinery and parts, processing vessels, petroleum drilling and production equipment, generators, copper wire and bars, and numerous other items with a total value of approximately $1½ million.

I seriously doubt that the continuation of this pouring of the taxpayers' dollars and the approval of exports of strategic items through trade and/or aid to Yugoslavia or any other Communist country are in the best interest of our national security and welfare.

AMERICAN TAXPAYERS HAVE PAID TO DEVELOP TELSTAR AND SPACE COMMUNICATION

(Mr. RYAN of New York asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RYAN of New York. Mr. Speaker, once again I rise to speak for the American taxpayer, who like the proverbial goose has laid a golden egg—the communications satellite.

Over the last decade the American taxpayer contributed some $25 billion to the space research and development that made possible launching of the Telstar satellite, forerunner of a complete communications system. In the words of Dr. Edward C. Welsh, Executive Secretary of the National Aeronautics and Space Council, the taxpayer has financed in excess of 90 percent of the space communications competence.

But nobody, as far as I know, has let the American taxpayer in on the secret. The launching of the Telstar satellite was his achievement—he paid for the golden egg.

According to Edward R. Murrow, Director of the USIA, the American taxpayer who paid for 90 percent of the cost of developing communications satellites cannot afford to use it. The people he gave it to are going to charge him too much.

Last night Mr. Murrow noted on a CBS program that the Voice of America will not even be able to afford to use the Telstar satellite to carry its message on behalf of the free world—Mr. Murrow also pointed out that the U.S. Government cannot afford to use transatlantic cables to avoid interference in its own transmission to European relay stations.

Some observers call the projected privately owned communications satellite system a government-business partnership, but apparently it is a strange partnership. The taxpayer or government—one partner—pays 90 percent of the cost. Business—the other partner—pays 10 percent of the cost, takes the profit, and sets the rates so high that the first partner cannot even be a consumer.

Somebody has made a goose out of one of the partners.

As I am sure we all realize, we are engaged in a life and death struggle with communism. Yet now we learn that not even a small part of the Government-developed satellite system, given away to free enterprise, can be used to carry

Public Law 87-565
87th Congress, S. 2996
August 1, 1962

An Act

76 STAT. 255.

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1962". Foreign Assistance Act of 1962.

PART I—ACT FOR INTERNATIONAL DEVELOPMENT OF 1961

Chapter 1—Short Title and Policy

Sec. 101. (a) The fifth paragraph of section 102 of the Foreign Assistance Act of 1961, as amended, containing a statement of policy, is amended by inserting in the fifth paragraph, immediately after "religion.", the following: "The Congress further declares that any distinction made by foreign nations between American citizens because of race, color, or religion in the granting of, or the exercise of, personal or other rights available to American citizens is repugnant to our principles." 75 Stat. 424. 22 USC 2151.

(b) Such section is further amended by inserting after the seventh paragraph the following:

"It is the sense of Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military or propaganda efforts, supported by the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this Act.

"The Congress further declares that in the administration of programs of assistance under this Act, the highest practicable emphasis should be given to: programs providing for loans or loan guarantees for use by institutions and organizations in making repayable low-interest rate loans to individuals in friendly foreign countries for the purchase of small farms, the purchase of homes, the establishment, equipment and strengthening of small independent business concerns, purchase of tools or equipment needed by individuals for carrying on an occupation or a trade, or financing the opportunity for individuals to obtain practical education in vocational and occupational skills, and to those programs of technical assistance and development which will assist in carrying out and in preparing a favorable environment for such programs. While recognizing that special requirements, differing development needs and political conditions in various assisted countries will affect the priority of such programs and of each country's relative ability to implement them, it is further the sense of Congress that each such assisted country should be encouraged to give adequate recognition to such needs of the people in the preparation of national development programs."

(c) Such section is further amended by inserting at the end of the last paragraph the following new sentence: "It is the sense of Congress that, where feasible, the United States Government invite friendly nations to join in missions to consult with countries which are recipients of assistance under this part on the possibilities for joint action to assure the effective development of plans for the economic development of such recipient countries and the effective use of assistance

provided them; and that the President may request the assistance of international financial institutions in bringing about the establishment of such missions."

Chapter 2—Development Assistance

TITLE I—DEVELOPMENT LOAN FUND

75 Stat. 426.
22 USC 2161.

Sec. 102. Section 201 of the Foreign Assistance Act of 1961, as amended, which relates to general authority with respect to development loans, is amended by adding at the end thereof the following:

"(e) In carrying out this title, the President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of $100,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans."

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

75 Stat. 427.
22 USC 2171-2176.
22 USC 2171.

Sec. 103. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

(a) In section 211, which relates to general authority, add a new subsection (c) as follows:

"(c) Not to exceed $1,000,000 of the funds made available for the purposes of this section in any fiscal year may be used for programs designed to promote the peaceful uses of atomic energy outside the United States and such programs may be carried out only in accordance with the requirements of this section."

(b) In section 212, which relates to authorization, strike out "1962" and "$380,000,000" and substitute "1963" and "$300,000,000", respectively.

(c) Strike out section 213, which relates to atoms for peace.

TITLE III—INVESTMENT GUARANTIES

22 USC 2181-2184.

Sec. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

22 USC 2181.

(a) Amend section 221(b) which relates to general authority, as follows:

(1) In paragraph (1) strike out "$1,000,000,000" in the proviso and substitute "$1,300,000,000".

(2) In paragraph (2) strike out the words preceding the first proviso and insert in lieu thereof the following: "where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of any loan investment for housing projects with appropriate participation by the private investor in the loan risk and in accordance with the foreign and financial policies of the United States, or assuring against loss of not to exceed 75 per centum of any other investment due to such risks as the President may determine, upon such terms and conditions as the President may determine".

(3) In paragraph (2) strike out "$90,000,000" in the third proviso and substitute "$180,000,000", and after the word "guaranty"

insert the following: "in the case of a loan shall exceed $25,000,000 and no other such guaranty".

(b) Amend section 222, which relates to general provisions, as follows: 22 USC 2182.

(1) In subsection (d) insert ", and out of funds made available pursuant to this title" before the period.

(2) Add the following new subsection (f):

"(f) There is hereby authorized to be appropriated to the President such amounts, to remain available until expended, as may be necessary from time to time to carry out the purposes of this title."

(c) Amend section 224, which relates to housing projects in Latin American countries, as follows: 22 USC 2184.

(1) In subsection (b) strike out "$10,000,000" in the second sentence and substitute "$60,000,000".

(2) In subsection (c) strike out "and (e)" and substitute "(e), and (f)".

TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

SEC. 105. Section 232 of the Foreign Assistance Act of 1961, as amended, which relates to surveys of investment opportunities, is amended by striking out "1962" and "$5,000,000" and substituting "1963" and "$2,000,000", respectively. 75 Stat. 432. 22 USC 2192.

ALLIANCE FOR PROGRESS

SEC. 106. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development assistance, is amended by adding at the end a new title VI, as follows: 22 USC 2161-2165.

"TITLE VI—ALLIANCE FOR PROGRESS

"SEC. 251. GENERAL AUTHORITY.—(a) It is the sense of the Congress that the historic, economic, political, and geographic relationships among the American peoples and Republics are unique and of special significance and that the Alliance for Progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relationships among them. It is further the sense of Congress that vigorous measures by the countries and areas of Latin America to mobilize their own resources for economic development and to adopt reform measures to spread the benefits of economic progress among the people are essential to the success of the Alliance for Progress and to continued significant United States assistance thereunder. The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

"(b) Assistance furnished under this title shall be directed toward the development of human as well as economic resources. In furnishing assistance under this title, the President shall take into account (1) the principles of the Act of Bogotá and the Charter of Punta del Este, and in particular the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives; and (4) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved. In making loans under this title from

funds which are required to be used for loans payable as to principal and interest in United States dollars, the President shall take into account, in addition to the considerations named in the preceding sentence, whether financing could be obtained in whole or in part from other free world sources on reasonable terms and the efforts made by recipient nations to repatriate capital invested in other countries by their own citizens. The provisions of sections 201(d), 202(b), 202(c), and 204 shall be applicable to such loans, and they shall be made only upon a finding of reasonable prospects of repayment.

22 USC 2161, 2162, 2164.

"(c) The authority of section 614(a) may not be used to waive the requirements of this title with respect to funds made available for this title which are required to be used for loans payable as to principal and interest in United States dollars, and the authority of section 610 may be used to transfer such funds only to funds made available for title I of chapter 2 of part I.

75 Stat. 444.
22 USC 2364.
22 USC 2360.
22 USC 2161-2165.

"(d) In order to carry out the policies of this Act and the purpose of this title, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to insuring a wider and more equitable distribution of the ownership of land.

"(e) The President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of $100,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economical and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans.

"(f) In furnishing assistance under this title, consistently with and for the purposes of section 601(b)(4) of this Act, the Agency for International Development or any other departments and agencies designated by the President shall provide such assistance as may be determined by the President to be necessary from time to time in order to make effective the efforts of the Commerce Committee for the Alliance for Progress, established under the Department of Commerce.

22 USC 2351.

Appropriation.

"Sec. 252. Authorization.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, for use beginning in each of the fiscal years 1963 through 1966, not to exceed $600,000,000 for each such fiscal year which sums are authorized to remain available until expended and which, except for not to exceed $100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1963, shall be available only for loans payable as to principal and interest in United States dollars. In presenting requests to the Congress for authorizations for appropriations for fiscal years 1964 through 1966 to carry out other programs under this Act, the President shall also present the program proposed to be carried out from funds appropriated pursuant to the authorization contained in this section for the respective fiscal year.

"Sec. 253. Fiscal Provisions.—All receipts in United States dollars from loans made under this title and from loans made for the benefit of countries and areas of Latin America under title I of chapter 2 of part I of this Act, notwithstanding section 203, shall be available for use for loans payable as to principal and interest in United States dollars in furtherance of the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended."

22 USC 2161-2165.

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 107. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out "1962" and "$153,500,000" and substituting "1963" and "$148,900,000", respectively. 75 Stat. 433. 22 USC 2222.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 108. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out "1962" and "$465,000,000" and substituting "1963" and "$415,000,000", respectively. 22 USC 2242.

CHAPTER 5—CONTINGENCY FUND

SEC. 109. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended as follows: 22 USC 2261.

(a) Amend subsection (a) by striking out "1962" and substituting "1963".

(b) Amend subsection (b) by striking out "keep" and substituting "provide quarterly reports to" and by striking out "currently informed of the use" and substituting "on the programing and the obligation". Reports to Congress.

CHAPTER 6—ASSISTANCE TO AGRARIAN ECONOMIES

SEC. 110. Section 461 of the Foreign Assistance Act of 1961, as amended, which relates to assistance to countries having agrarian economies, is amended by adding at the end thereof the following: "In such country emphasis shall be placed also upon programs of community development which will promote stable and responsible governmental institutions at the local level." 22 USC 2271.

PART II—INTERNATIONAL PEACE AND SECURITY ACT OF 1961

CHAPTER 1—MILITARY ASSISTANCE

SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows: 22 USC 2311-2319.

(a) In section 506, which relates to conditions of eligibility, add the following new subsections: 22 USC 2314.

"(c) The President shall regularly reduce and, with such deliberate speed as orderly procedure and other relevant considerations, including prior commitments, will permit, shall terminate all further grants of military equipment and supplies to any country having sufficient wealth to enable it, in the judgment of the President, to maintain and equip its own military forces at adequate strength, without undue burden to its economy.

"(d) Any country which hereafter uses defense articles or defense services furnished such country under this Act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance Act, in substantial violation of the provisions of this chapter or any agreements entered into pursuant to any of such Acts shall be immediately ineligible for further assistance." 68 Stat. 832. 22 USC 1751 note.

(b) In section 507(a), which relates to sales, insert "not less than" before "the value" in the first sentence. 22 USC 2315.

(c) In section 507(b), add a new sentence to read as follows: "No sales of unclassified defense articles shall be made to the government

of any economically developed nation under the provisions of this subsection unless such articles are not generally available for purchase by such nations from commercial sources in the United States: *Provided, however*, That the Secretary of Defense may waive the provisions of this sentence when he determines that the waiver of such provisions is in the national interest."

22 USC 2318. (d) In section 510(a), which relates to special authority, strike out "1962" in the first and second sentences and substitute "1963".

PART III

Chapter 1—General Provisions

Sec. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

75 Stat. 438.
22 USC 2351-2370.

22 USC 2360. (a) In section 610, which relates to transfers between accounts, designate the present language as subsection (a) and add the following new subsection:

"(b) The authority contained in this section and in sections 451, 510, and 614 shall not be used to augment appropriations made available pursuant to sections 636(g)(1) and 637 or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses."

22 USC 2261, 2318, 2364.
22 USC 2396, 2397.

22 USC 2361. (b) In section 611(a), which relates to completion of plans and cost estimates, strike out "and II" and substitute ", II, and VI".

22 USC 2368. (c) Strike out section 618, which relates to economic assistance to Latin America, and substitute a new section 618 as follows:

"Sec. 618. Use of Settlement Receipts.—United States dollars directly paid to the United States under the Agreement Between the United States of America and Japan Regarding the Settlement of Postwar Economic Assistance to Japan may be appropriated or otherwise made available to the President in any appropriation Act, within the limitations of part I of this Act, to carry out the provisions of that part."

22 USC 2351-2370.

22 USC 2370. (d) Amend section 620, which relates to restrictions on assistance to certain countries, as follows:

Cuba. (1) Amend the first sentence of subsection (a) to read as follows: "No assistance shall be furnished under this Act to the present government of Cuba; nor shall any such assistance be furnished to any country which furnishes assistance to the present government of Cuba unless the President determines that such assistance is in the national interest of the United States."

(2) Amend subsection (c) to read as follows:

"(c) No assistance shall be provided under this Act to the government of any country which is indebted to any United States citizen or person for goods or services furnished or ordered where (i) such citizen or person has exhausted available legal remedies, which shall include arbitration, or (ii) the debt is not denied or contested by such government, or (iii) such indebtedness arises under an unconditional guaranty of payment given by such government, or any predecessor government, directly or indirectly, through any controlled entity: *Provided*, That the President does not find such action contrary to the national security."

(3) Add the following new subsections:

"(e) The President shall suspend assistance to the government of any country to which assistance is provided under this Act when the government of such country or any governmental agency or subdivision within such country on or after January 1, 1962—

"(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

"(2) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency or government subdivision fails within a reasonable time (not more than six months after such action or after the date of enactment of this subsection, whichever is later) to take appropriate steps, which may include arbitration, to discharge its obligations under international law toward such citizen or entity, including equitable and speedy compensation for such property in convertible foreign exchange, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be, and such suspension shall continue until he is satisfied that appropriate steps are being taken and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

"(f) No assistance shall be furnished under this Act, as amended, except section 214(b)) to any Communist country. This restriction may not be waived pursuant to any authority contained in this Act unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international communism. For the purposes of this subsection, the phrase 'Communist country' shall include specifically, but not be limited to, the following countries: 22 USC 2174. "Communist country."

"Peoples Republic of Albania,
"Peoples Republic of Bulgaria,
"Peoples Republic of China,
"Czechoslovak Socialist Republic,
"German Democratic Republic (East Germany),
"Estonia,
"Hungarian Peoples Republic,
"Latvia,
"Lithuania,
"North Korean Peoples Republic,
"North Vietnam,
"Outer Mongolia-Mongolian Peoples Republic,
"Polish Peoples Republic,
"Rumanian Peoples Republic,
"Tibet,
"Federal Peoples Republic of Yugoslavia,
"Cuba, and
"Union of Soviet Socialist Republics.

"(g) Notwithstanding any other provision of law, no monetary assistance shall be made available under this Act to any government or political subdivision or agency of such government which will be used to compensate owners for expropriated or nationalized property and, upon finding by the President that such assistance has been used by any government for such purpose, no further assistance under this Act shall be furnished to such government until appropriate reimbursement is made to the United States for sums so diverted.

"(h) The President shall adopt regulations and establish procedures to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries." Regulations and procedures.

76 STAT. 262.

CHAPTER 2—ADMINISTRATIVE PROVISIONS

SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

75 Stat. 445.
22 USC 2381-2397.

(a) In section 621, which relates to exercise of functions, delete "(a)" and strike out subsections (b), (c), (d), and (e).

22 USC 2381.

(b) Amend section 624, which relates to statutory officers, by striking out subsection (d) and redesignating subsection (e) as subsection "(d)", inserting in paragraph 2(A) of redesignated subsection (d) ", and programs being conducted by United States Government agencies under Public Law 86–735," after "Peace Corps", and inserting in paragraphs (5) and (7) of redesignated subsection (d) ", and Public Law 86–735" after "part II of this Act".

74 Stat. 869.
22 USC 1942.

22 USC 2385.

(c) Amend section 625, which relates to employment of personnel, as follows:

(1) In subsection (b) strike out "seventy-six" in the first sentence and substitute "one hundred and ten".

(2) In subsection (d) add the following proviso before the period at the end of paragraph (2): ": *Provided further*, That, whenever the President determines it to be important for the purposes of this Act, the President may initially assign personnel under this paragraph for duty within the United States for a period not to exceed two years for the purpose of preparation for assignment outside the United States; however, the authority contained in this proviso may not be exercised with respect to more than thirty persons in the aggregate."

(3) Amend subsection (f) to read as follows:

"(f) Funds provided for in agreements with foreign countries for the furnishing of services under this Act with respect to specific projects shall be deemed to be obligated for the services of personnel employed by agencies of the United States Government (other than the agencies primarily responsible for administering part I or part II of this Act) as well as personnel not employed by the United States Government."

22 USC 2151-2319.

22 USC 2389.

(d) In section 629(b), which relates to status of personnel detailed, strike out "624(e)" in the first sentence and substitute "624(d)".

22 USC 2394.

(e) In section 634(a), which relates to reports and information, insert the following before the period at the end of the second sentence: "and on progress under the freedom of navigation and nondiscrimination declaration contained in section 102".

(f) (1) In section 634(d), which relates to reports and information, strike out "In January of each year" and "preceding twelve months" in the first sentence and substitute "At the end of each fiscal year" and "fiscal year", respectively.

(2) After the first sentence of such section 634(d) insert the following: "There shall also be included in the presentation material submitted to the Congress during its consideration of amendments to this Act, or of any Act appropriating funds pursuant to authorizations contained in this Act, a comparison of the current fiscal year programs and activities with those presented to the Congress in the previous year and an explanation of any substantial changes."

22 USC 2395.

(g) In section 635(h), which relates to general authorities, strike out "and V" and substitute ", V, and VI" and strike out "made".

22 USC 2397.

(h) Amend section 637, which relates to administrative expenses, as follows:

(1) In subsection (a) strike out "1962" and "$50,000,000" and substitute "1963" and "$53,000,000", respectively.

(2) In subsection (b) strike out "to the Secretary of State".

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 303. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended as follows: 22 USC 2401-2406.

(a) Section 643, which relates to saving provisions, is amended by striking out subsection (d). 22 USC 2402.

(b) Section 644(m), which relates to definitions, is amended by striking out "as grant assistance" in subparagraphs (2) and (3).

(c) Section 645, which relates to unexpended balances is amended by inserting "this Act or" after "pursuant to".

PART IV—AMENDMENTS TO OTHER LAWS

SEC. 401. Part IV of the Foreign Assistance Act of 1961, as amended, is repealed, which repeal shall not be deemed to affect amendments contained in such part. Repeal. 75 Stat. 463.

SEC. 402. Section 2 of the Act of August 1, 1956 (70 Stat. 890), as amended, is further amended by adding after paragraph (a) the following new paragraph: 5 USC 170g.

"(b) for the purpose of promoting and maintaining friendly relations with foreign countries through the prompt settlement of certain claims, settle and pay any meritorious claim against the United States which is presented by a government of a foreign country for damage to or loss of real or personal property of, or personal injury to or death of, any national of such foreign country: *Provided*, That such claim is not cognizable under any other statute or international agreement of the United States and can be settled for not more than $15,000 or the foreign currency equivalent thereof."

SEC. 403. Section 102(a)(3) of the Mutual Educational and Cultural Exchange Act of 1961 (Public Law 87-256, approved September 21, 1961) is hereby amended by inserting the word "abroad" after the word "expositions". The amendment made by this section shall not be applicable with respect to any fair or exposition within the United States for which an appropriation has been provided. 75 Stat. 528. 22 USC 2452.

SEC. 404. The first section of the Act authorizing participation in the Interparliamentary Union (22 U.S.C. 276) is amended to read as follows: 49 Stat. 425.

"An appropriation of $48,000 annually is authorized, $21,000 of which shall be for the annual contributions of the United States toward the maintenance of the Bureau of the Interparliamentary Union for the promotion of international arbitration; and $27,000, or so much thereof as may be necessary, to assist in meeting the expenses of the American group of the Interparliamentary Union for each fiscal year for which an appropriation is made, such appropriation to be disbursed on vouchers to be approved by the President and the executive secretary of the American group."

Approved August 1, 1962, 10:35 a.m.

3540 E